



# INDIA QUARTERLY

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## CONTENTS

	PAGE
OURSELVES .. . . . .	3
APPROACHES TO THE INDIAN CONSTITUTIONAL PROBLEM—Sir Maurice Gwyer .. . . . .	5
STABILIZATION OF CURRENCIES AND PRICES—V. K. R. V. Rao .. . . .	21
THE FUTURE OF DEPENDENT ECONOMIES (with special reference to South-East Asia)—Research Staff of the Gokhale Institute of Politics and Economics .. . . . .	35
THE WAR IN THE PACIFIC—Chen Huan-Seng .. . . .	41
PROSPECTS OF TRADE BETWEEN INDIA AND AUSTRALIA—T. K. Critchley ..	46
CHINA TODAY—AND TOMORROW—George H. Johnston .. . . .	56
THE FUTURE OF BURMA—Dan Mya Sern .. . . .	64
INDIANS OVERSEAS—C. Kondapati .. . . . .	71
INDIA AND THE WORLD:	
Participation in International Conferences—M. Chelapathi Rao .. . . .	79
Reactions in India to events abroad .. . . .	83
Agreements entered into by India with other countries .. . . .	87
Associations in foreign countries interested in India .. . . .	88
REVIEWS AND NOTICES:	
International Affairs—V. K. N. Menon .. . . .	89
Foreign Books on India—Iltumayun Kabir and E. Asirvatham .. . .	93
Articles on India in foreign periodicals .. . . .	96
CHRONICLE OF IMPORTANT EVENTS .. . . . .	98

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THE INDIAN COUNCIL OF WORLD AFFAIRS is an unofficial and non-political body, founded in 1943 to encourage and facilitate the scientific study of Indian and International questions. The Council, as such, is precluded by its rules from expressing an opinion on any aspect of Indian or International affairs. Any opinions expressed in the articles printed in this Journal are, therefore, the opinions of the authors and not those of the Council.

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## OURSELVES

INDIA QUARTERLY has been started to further the object of the Indian Council of World Affairs: to promote the study of Indian and international questions with a view to developing a body of informed opinion on world affairs and India's relation thereto, through study, research and discussion.

It starts its career at a time of exceptional difficulty in India's, and the world's history. Essentially, the difficulty is the lack of a sense of direction, that men do not know whither they are marching, to a secure peace and plenty, or to recurring fear of war and economic insecurity. In India the outstanding feature of public life at the moment is an all-pervading sense of helplessness: that a country like India, of immense potential wealth, has been unable to provide for her teeming millions the bare essentials of civilized existence. The resolution of the political deadlock, which has now been there for well-nigh five years, is the preliminary to really effective work in that direction; but, while genuine efforts are being made, no one seems to know when or how it is to come about; for the deadlock cannot be explained, and therefore resolved, purely on the rational plane. Meanwhile, several plans for economic development have been prepared, or are in completion; and new ideas of economic reconstruction such as Gandhism, socialism and communism are being canvassed. Social beliefs and habits have, thanks to the influence of Western ideas and institutions, been undergoing rapid changes for the last two generations, but who will dare say that the changes which have come about so far are all for the good, or that all the desirable changes have been brought about: witness, for instance, the continued prevalence of untouchability. A proper synthesis seems yet to be made. In sum, it appears as though, politically, economically and socially, we are still groping our way to those ideas and institutions which will enable us to be ourselves.

In international affairs, the lack of that sense of direction which we notice in India is equally evident. A devastating war is on, and it is an index to the fact that the fundamentals of collective security have to be thought out afresh; the Dumbarton Oaks proposals, even as a rough outline, are by no means satisfying. The prevalence of war apart, the outstanding characteristic of the 'civilized' world is that the ideas to which men were accustomed in the nineteenth, and in the twenties of the present century,—a strong belief in civil liberty and peaceful persuasion, the Nation State, democracy and private enterprise,—have been strongly challenged and seem to be no longer part of the accepted beliefs of the average man. The picture of the post-war world that will emerge, notwithstanding the fact that several international conferences have been held to tackle post-war problems, remains hazy.

INDIA QUARTERLY seeks to serve the public, in these exceptionally difficult times, by informed discussion of public affairs, relating to India and other parts of the world. 'Public affairs' is, however, a very wide term; and any journal, to be really serviceable, must delimit its own sphere. INDIA QUARTERLY finds its sphere in (*a*) the study of major Indian affairs and policies in so far as they have a bearing on the rest of the world, for instance an econo-

nic policy for India, the constitutional problem, the defence of India and the like, special attention being devoted to the problems concerning Indians Overseas, of whom there are nearly 35 lakhs in Burma, Malaya, Ceylon, South Africa, British Guiana, Trinidad, Fiji, Jamaica and other places; and (6) the study of international affairs in so far as they influence, and are influenced by, India. The war has brought home to millions of Indian people, in a way perhaps never realized before, the impact of the events and ideas in other parts of the world on India's welfare. The fact that India has had no share in the shaping of her foreign policy is largely responsible for the absence of an effective public opinion here on foreign affairs; but that same fact indeed makes continued vigilance all the more essential if government policy is in some measure to conform to the interests and sentiments of the people. The resignation of Sir Samuel Hoare, in deference to public opinion on the Hoare-Laval Pact of 1935, is a significant reminder of the fact that, even in countries where responsible government exists, such watchfulness has its uses; the greater is the necessity for it in India. Where government policy is backed by public opinion, it is good that the opinion which supports government be based on a correct appreciation of the factors involved. It need not be added that necessarily we shall be especially concerned with events in the Far East, and in the countries touching the Indian Ocean which in many ways form one natural, economic and strategic unit. New political and economic forces are emerging in this region,—the desire for self-government and a protest against a dependent economy for instance,—which may decisively shape the future of Asia and through it of the world in the years to come.

Three more features of the journal may be briefly touched upon here: First, a record of facts is included, touching the relations of India with the outside world: participation of India in international conferences, official and unofficial, and an assessment of the gains that accrue to India as a result of such participation; reactions in India to events abroad and (it is hoped to include in future issues an account of) reactions in other countries to events in India; agreements entered into by India with other countries; and Associations in India interested in affairs of other countries and *vice versa*.

Secondly, to enable its readers to understand properly India's place in the world, INDIA QUARTERLY includes in its pages a short review section, giving critical notes on books dealing with international affairs, on books on India published in foreign countries, and on articles on India which appear from time to time in foreign periodicals.

And, thirdly, a quarterly chronicle of important events is added.

The Indian Council of World Affairs, as such, is precluded by its rules from expressing an opinion on any aspect of Indian or international affairs; the opinions expressed in INDIA QUARTERLY are, therefore, purely individual. This does not mean that the articles included in it are an odd assortment without a common purpose; it has been planned by a group of people who hold fast to certain individual and social values, and, it is hoped, its pages will reflect them: only in an atmosphere of freedom can man

## OURSELVES

grow to his natural height; true freedom is the opportunity for a person to do what he likes, provided he does not interfere with the equal freedom of others and provided he *does not exploit* the weakness of others to his selfish advantage; social justice demands a more equitable distribution of wealth than exists to-day, and the provision of adequate opportunities to all (and not merely to a favoured few) to develop the best that is in themselves; in bringing about social changes, we must use experience, not sneer at it; the ability to preserve and the capacity to improve are both essential elements in social well-being; nationalism is a desirable force if it is used for constructive (not for aggressive and destructive) purposes; international co-operation and peace are desirable; and we gain by free discussion and listening to the point of view of those who differ from us.

Informed and free discussion is then our watchword. This will not, of course, by itself obviate social conflicts or promote international co-operation. In Moliere's *Tradesman turned Gentleman* there is a music master who claims that the cultivation of harmony, that is music, will resolve all quarrels, for is not a quarrel the result of disharmony? Likewise there is a dancing master who claims that his art will prevent people ever taking a false step, and therefore can anything go wrong? For publicists, similarly, to claim that their discussions, however well-informed or dispassionate, will set all things right is a piece of professional pedantry, for it ignores the basic fact that social progress is the result of the interaction of several factors of which correct understanding is just one. But may we not hope that whether for the ordinary citizen, or the politician, or the social reformer, informed discussion will remove an unnecessary handicap in the performance of his duty and be a help in the furtherance of social harmony and progress?

## APPROACHES TO THE INDIAN CONSTITUTIONAL PROBLEM<sup>1</sup>

By SIR MAURICE GWYER

A DISTINGUISHED Indian public man not very long ago, addressing a gathering of post-graduate students at Madras University, expressed the opinion that there was an urgent need at the Universities and elsewhere for research (such was the word he used) into the constitutional problems which were facing India at the present time. I have long held and advocated the same view; and it has always seemed to me that the formation of study circles among men of goodwill,—and I would emphasize that qualification—whether Indian or European, official or non-official, for the purpose of investigat-

<sup>1</sup> An address delivered in New Delhi on 18th November 1944 at a meeting of the Indian Council of World Affairs

The writer of this address is alone responsible for what it contains: and nothing in it, apart from specific quotations, has been suggested or inspired by any other person or body.

ing and throwing light upon those problems, the very existence of which in many cases is, I believe, unknown to the public at large, could be productive of nothing but good. There have been one or two tentative efforts in this direction, but all too few in number; and I was attracted in the first instance to this council, because it included among its purposes the objective examination not only of international, but also of domestic, problems. I hope that, in spite of the name which it has now assumed, that aspect of its activities will not be forgotten: and indeed it is arguable that the examination of international questions in their relation to India will prove of little service, so long as urgent and fundamental domestic problems remain unsolved.

It was for these reasons that, though not without hesitation, I accepted the invitation of the Council to read this paper this afternoon. It has so happened that during a great part of the last fifteen years I have been occupied in one capacity or another with Indian constitutional questions; and I have at least had the opportunity of realizing something of their difficulty and complexity. It is inevitable that in these circumstances I should have formed opinions on some of them. These may be right or wrong, but I believe it to be the duty of each one of us to put such ideas into the common stock as it is within his power to contribute. I am not so presumptuous as to propose solutions for any of the problems; it would indeed be impertinent for a stranger to do so, since they are India's own responsibility. I have therefore called my paper 'Approaches to the Indian Constitutional Problem'; and if any of my audience play golf or bridge, they will, I am sure, appreciate the distinction. It will not be possible to avoid touching upon politics, though not, I hope, party politics; and if I speak frankly in the course of my analysis, I have striven to give offence to none.

I will begin by making a brief excursion into past history, for reasons which will be apparent later; and I would like to say a few words about two landmarks, as they may be rightly called, though no one seems to remember very much about them today; I mean the Report of the Joint Select Committee of 1934, and the Government of India Act of 1935. I may briefly recall that the Indian policy of His Majesty's Government, as announced to the Round Table Conference and set out in the first White Paper (Cd. 3972), was approved by Parliament in December, 1931; that it embodied the conversion of the then system of government in India into a responsibly governed federation of States and Provinces, qualified by certain limitations during a period of transition; that, after further enquiries and discussions, including a third session of the Round Table Conference, His Majesty's Government issued the second White Paper (Cd. 4268) under the title of 'Proposals for Indian Constitutional Reform'; and that a Joint Select Committee was set up by the two Houses of Parliament to consider those Proposals in consultation with Indian representatives and to report upon them; the Government of India Act followed the Committee's Report.

The Joint Select Committee, after hearing evidence and discussing the Proposals with its Indian colleagues, then met in private to consider its

## INDIAN CONSTITUTIONAL PROBLEM

report. It held no less than seventy meetings for this purpose (excluding those devoted to a consideration of the Burma Proposals), and I believe that, in pursuance of my then official duties, I was present at every one of those meetings. The minutes of the Committee have been published and are on record; but the record of its discussions, in accordance with what I believe to be the usual practice, was destroyed by order of the Committee at the end of its proceedings. It would be a grave breach of confidence on my part to disclose anything of those discussions and I have no intention of doing so; but there are one or two observations which I may without any impropriety make. The Committee, which consisted of sixteen persons from each House of Parliament, was a very remarkable body; and I doubt whether any legislature in the world could have produced a committee of equal quality. I do not say that the ability or experience of all the members was the same, but the average was extraordinarily high; and the high level maintained by the discussions has made a lasting impression upon my mind. Though there were of course wide differences of opinion among the members on questions both of principle and of method, I can recall no single occasion when the debate assumed a party character. There were those who thought the proposals went too far, and there were others who thought they did not go far enough; but there was in every section of the Committee a manifest and ardent desire to arrive at just and right conclusions. The Committee may have erred in its conclusions, as even the wisest of mankind may do; but at least it strove honestly to do its best. In saying this I do not wish to be misunderstood; and I should like to make it clear that throughout the whole proceedings the angle of approach was always the same. The interests of India were regarded as paramount, and there was never a suggestion that the measure of Indian constitutional progress was to be regulated by its possible effect upon the interests of Great Britain. The discussions were always businesslike and to the point. There was a total absence of rhetoric, but the arguments were never unworthy of the theme. I suppose that few persons in India have ever read the Report of the Committee, though it is well worth reading. I believe that history will one day do it justice; and before its labours pass into oblivion, I should like to give this personal testimony to the sincerity of its purpose and to the single-minded efforts of its members to arrive at the truth.

So much for my first landmark, already dim and shrouded in mist; and I come now to my second, the Government of India Act, 1935. This Act is still on the Statute Book, but if I may change and mix my metaphors, its life is precarious and it may almost be said to be without visible means of subsistence. I was responsible for the drafting of the whole Act, and much of it was the work of my own hand; this came about by accident, and did not arise in any way from my previous connexion with Indian affairs. The draftsman of a Parliamentary Bill acts of course on instructions and has no concern with policy; but he cannot discharge his duties unless he is made fully aware of what is the true policy and purpose of the Bill; and the greater its political importance, the more necessary it is that, that should be so. The draftsman

must work throughout in close contact with Ministers. He must possess their confidence; and it is ludicrous to suppose that any Bill could embody purposes which were hidden from him. I can speak therefore not only with confidence but with authority in describing the motives and purposes of the Bill which ultimately became the Act of 1935; and I affirm that these were to set India upon the path of responsible government and to promote the complete realization of her ambitions in this respect. No doubt there will be many who will not credit this statement; yet it is the literal and exact truth. I am not saying that the Act was perfect, for few statutes are. No doubt also there are provisions in it which may be criticized; but many of the criticisms which I have seen have proceeded on a complete misconception of the basis and structure of the Act. It does not seem to have been realized that most of the provisions to which objection has been taken are transitional provisions, in the sense that they are intended for a period of transition; though the two White Papers and the Joint Select Committee's Report, one would have thought, had made the position clear enough. It may be, however, that this misconception was largely due to the fact, which I confess has surprised me greatly, that the working of parliamentary government, as it is understood in the West, is still very imperfectly understood in India. If it had been better understood, attention would have concentrated on the two vital sections of the Act, Sections 9 and 50, the sections which create Councils of Ministers to aid and advise the Governor-General and the Governors respectively, together with the Instrument of Instructions, which directs Governor-General and Governors alike to select their Ministers from that party likely to command a majority in the legislature. These are the provisions, as Lord Durham's great report pointed out over a hundred years ago, which established responsible government; and, responsible government once established, the disappearance of restrictions and limitations on the powers of Ministers could only be a matter of time,—given of course the necessary local conditions, viz., resolute political leaders, with a full grasp of the nature and possibilities of parliamentary government; disciplined political parties; and, not the least important, a public spirited and patriotic opposition, prepared to give its support to Ministers in all vital constitutional conflicts and scorning to make use of such a conflict for the purpose of snatching a party advantage. It is not for me to say how far those conditions were, or could have been, fulfilled in India; but, subject to that, it is my considered opinion that, if the powers given by the Act had been used in the manner contemplated by the Act, complete self-government was in the hands of the people of India within a period of not more than ten years. Transitional or temporary provisions are to be found in the constitutional history of all members of the British Commonwealth. Some still survive, for one reason or another; but they no longer affect the sovereignty or independence of a Dominion. Canada is nonetheless a great and sovereign State, though her constitution can still be amended only by the Parliament at Westminster. The restrictions on the powers of the legislatures in Australia and New Zealand, at any rate up to the outbreak of war, far exceeded any of the restrictions

on the Indian legislatures under the Act of 1935, for Australia and New Zealand had up to that time resolutely refused to allow the Statute of Westminster to be made applicable to them. The provinces of Canada do not labour under a sense of inferiority and do not the less enjoy a vigorous and independent political life, because the Dominion Government has in theory the power to disallow any legislation which they may pass. And lastly, are not the *legal* powers of the British monarch vastly in excess of anything to which even an Indian Governor-General or Governor can lay claim? Is it then to be said that constitutional growth by means of constitutional conventions and the interplay of political forces withers and becomes sterile only so soon as it is transplanted to Indian soil? Yet I have never seen any appreciation of the possibilities implicit in the Act except in an essay written by a young lawyer from Madras, who perceived what the Act set out to do and explained in language which I certainly could not have bettered myself the manner in which effect might have been given to its true purpose.

All this, however, is now ancient history. I could say much about the Act, in which I still feel a certain paternal interest; and I have sometimes felt surprised that no authoritative exposition of its provisions was ever given. I once had it in mind to deliver a series of lectures with that purpose in view. This might, however, have given rise to misunderstandings in view of the office which I then had the honour to hold and I abandoned the idea.

Why then have I prefaced what I have to say this afternoon with references to a forgotten report and a half forgotten statute? For this reason: there have been persons in India who for some years past have deliberately sought to traduce the character of my countrymen in every possible way, to hold them up to hatred and contempt, and, by the misrepresentation of facts and the imputation of the vilest motives, generally to destroy the possibility of good relations between the two countries. Worst of all, there have even been attempts to take a wicked advantage for this purpose of the gallant and generous impulses of youth. I say this with profound regret, and indeed with much pain, for such conduct seems to me to be altogether contrary to the Indian tradition. I am far from saying that there have not been aspects of British policy open to criticism; but criticism, even violent criticism, so long as it is honest, inflicts no lasting wound. Nor do I forget that the passions and emotions of a national movement will always find an outlet in passionate and emotional language, which the British people, who have sometimes been rebels themselves, can understand and even sympathize with. But a malicious and malignant campaign is another matter. Readers of *Mein Kampf* will remember Hitler's prescription for getting a lie more widely believed; the greater the lie, he says, and the more often it is repeated, the more likely are the people at large to credit it. The campaign of which I have spoken has shown him to be a true psychologist. Those who spread the lies in the first instance have repeated them so often that, it would seem, they have almost come to believe themselves that they are true; and great masses of ignorant and illiterate persons have been so infected with the venom, that there is scarcely any statement about Great Britain, however extravagant, incredible or un-

supported by evidence, which will not gain an audience. I once began a collection of newspaper cuttings, which illustrated what I have said; but it made me sick at heart and I gave it up.

I do not presume to speculate upon the reasons actuating those who have done this, but I cannot but think that they have done an ill service to their country, and for three reasons. First, I am old-fashioned enough to believe that a policy founded upon hatred and lies can never in the long run produce any but mischievous consequences; secondly, because it has poisoned the atmosphere and has estranged, I have sometimes thought irreparably, two great peoples; and thirdly, what is perhaps the most important of all, because it has inevitably blurred the responsibility which rests upon India herself for facing up to the appalling range of problems with which she is now confronted and for seeking by her own efforts a successful issue to them. How easy to have someone else on whom the blame can always be thrown! How comforting to know that, whoever is responsible for difficulty or disaster, it is never oneself! Yes, but in the end how insidious and enervating and how damaging to the fibre of character.

If I believed that this was more than a temporary phase, I should indeed despair; but a crisis comes in every fever, which if the patient can survive, he may look forward to recovery. And that is why I have ventured to refer to my own personal experience with the two landmarks of which I have spoken. The most passionate assertion will not necessarily carry conviction to the mind of a foreigner, if based merely upon familiarity with the character of one's own countrymen and the honesty of their leaders. But in the two instances which I have given I can give evidence of fact, not of opinion; and I can testify of my own personal knowledge. I *know* that the accusations are false; I *know* that there is no truth in the motives which are imputed. And if in this case the falsity is proved and the motives are shown to have been neither wicked nor fraudulent, may it not be that in other cases also policies and purposes which the world has been invited to execrate may, on examination in a calmer and unpoisoned atmosphere, be shown to have been just and honest? 'I beseech ye, brethren,' said Oliver Cromwell once in an appeal to a body of obstinate supporters, 'I beseech ye, in the name of God, to believe that ye may be mistaken.' Suppose that India has been mistaken or misled about the policies and purposes of my country, how great might be the change in the political scene; how different might be the approach to many problems if even the honesty of her intentions were unchallenged! My countrymen are very tolerant, and for a great many generations have been accustomed to the cut and thrust of political warfare. Their habit of toleration has sometimes been mistaken for insensibility; but it is much more than that and has its roots in the national character. The trials and sufferings which they have undergone during the last five years have left their mark upon them. They have had to take, often with no time for reflection, a long series of vital decisions, involving perhaps the issue of national survival or destruction; they have had to assume, often with scanty means at their disposal, vast responsibilities which might well have crushed a people in whom reso-

lution and courage burned with a less steady flame; they have had to improvise, in the face of danger, without at the same time forgetting the obligation which rests on them to plan for posterity. And they are by no means as ready as they were to hear themselves described as rogues and charlatans, especially by those persons who seem to think that they have by doing so sufficiently discharged all the duties which they owe to their own country.

The deadlock in India is unhappily a fact. It has lasted now for a long time and the longer it lasts the more difficult it will be to resolve. I have given reasons in what I have already said for holding that it has lasted longer than it need have done and that it is already more dangerous than it need have been. I think that it is in part an artificial deadlock; and some no doubt will exclaim that of course that is so, since Great Britain created it and now compels its continuance for her own selfish but unexplained purposes. With those who maintain that no British statesman can open his mouth on the subject of India without uttering a series of deliberate (though, it would seem, quite purposeless) falsehoods and who still talk puerilities about British imperialism, it is not possible to argue: and I shall not attempt to do so. But I should like to set out, as objectively as I can, the views of an Englishman who ardently desires to see the deadlock at an end and who believes that at this moment the greatest service that can be done for India is to persuade her to face the facts of the situation,—uninfluenced by emotion or sentiment, important as these are in their right place,—in other words to treat the problem from a practical and business stand-point, premising, as I hope I may, that there is an earnest and genuine desire for a solution and, though this perhaps may be less certain, a willingness to co-operate to that end.

I believe that after the Act of 1935 there need have been no deadlock. I can only say that I believe this to be so; but today it is idle to speculate on what could or might have happened, though I have sometimes wondered if the Act might not still be made the basis of a new structure. The delay which has occurred since it became law has, however, seen a new orientation of political forces, some new, some old; and fresh problems have emerged. A wholly new situation came into existence when the Act, wisely or unwisely, was rejected by the Indian parties. Great Britain has accepted the rejection and will draft no more constitutions for India; and India by the very fact of rejection has accepted the responsibility of drafting a constitution for herself. I can understand and indeed sympathize with a refusal to accept any constitution, whatever its merits, imposed from without. But I am not sure that its corollary, the assumption by India of responsibility, is universally recognized, though it is of the essence of the matter. It does not mean (as I have seen it suggested) that if India fails, Great Britain's responsibility will revive, and that she will then have to impose such a constitution as she may think just and equitable, whether India as a whole agrees with her or not. Nor can the responsibility be shared between India and Great Britain. There are of course certain aspects of any constitutional settlement which will need Great Britain's assent: but the main constitutional instrument, the constitution under which the people of India will thereafter be governed, or rather

govern themselves, must be the work of Indian hands. When, therefore, I read appeals to Great Britain to do something, 'to make some gesture, for the purpose of breaking the deadlock', I ask myself what is there for her to do, except urge India to get on with a very difficult and very complex piece of work. I have sometimes heard it said that, if Great Britain were to frame a date on which she proposed to hand over the government of India, every difficulty would vanish. I remember once discussing this with a valued Indian friend whom I see present today. I asked him whether it might not very well happen that, through no one's fault but by the occurrence of some unforeseen event or perhaps some external crisis, a literal performance of the undertaking would become impossible. He readily agreed and said that in that case the date would of course have to be postponed; but that the reasons for doing so would be apparent to and therefore accepted by all. At which I could only exclaim, with all respect to my friend: '*O sancta simplicitas!* I could sit down and write with my own pen all the leaders in the next day's nationalist papers, enlarging on so gross a breach of faith and this fresh confirmation of the villainy of Great Britain.' I am well aware that a promise of this kind, though it is not perhaps as absolute as has been supposed and embodies stipulations for the cession of military, naval and air bases on a substantial scale, has been given by the United States to the people of the Philippines; but I can see not the slightest analogy between the Philippines and the 400 million inhabitants of India. No government in Great Britain will be found willing to give such an undertaking to India unless it were certain beyond all reasonable doubt that it would be able to implement it when the time came.

The question has also been asked why the transfer of power should involve anything more than the taking over from the British of the existing government machinery, so that everything would go on as before, save that there would be no British to settle or execute policy. This apparently simple solution demands closer examination, but the answer to the question is plain. The machinery of government does not run by itself; there must be persons in control of it; and those persons must constitute a body with a joint or common purpose. In the present case it must surely be a body also which commands the general allegiance of those whom it is to control; since *ex hypothesi* one of the main reasons for the change over is to substitute a government based upon the consent of the governed for a government of the strong hand. It would, however, be affectation to contend that such conditions exist in India at the present moment, however much that may be deplored; and disagreeable facts unfortunately do not vanish merely by denying their existence. There have, I agree, been cases in the world's history where a provisional government, with title deeds of a very doubtful character, has successfully taken over from a retiring government without any breach of continuity or grave disturbance of public order. I have often heard the case of the Irish Free State mentioned; but Ireland is a tiny country compared to India, and there are Indian cities whose population exceeds the total population of Ireland. The government of a country of 400-

million inhabitants is a very different affair; and there must be no doubt as to the ability of the new government to take charge and make its authority felt. Government in such circumstances cannot be made the subject of a parchment conveyance, like a house or a piece of land; and as will be pointed out in a moment, certain props on which the present government can rely may be no longer there. It is for this reason that Great Britain has always insisted that the transfer of power cannot take place until it is known by whom delivery will be taken. To relinquish the reins of government, leaving chaos in its place, she would regard as conduct so irresponsible as to amount to a crime; and hence the demand that there should be an organized government, with a reasonable chance of survival, prepared to step into her place.

It is rarely that short cuts are successful in constitution-making. I know of no precedent for a change over of such magnitude as is to take place in India; and even if all complications were absent, the task of framing a new constitution could never be an easy one. Is it not then high time that the people of India sat down to the task? It will involve much hard thinking and much tedious and laborious work, which will not grow less with the passage of time. I have heard it said that the immense planning schemes which are now in the air require a national government to make them fully effective; and plainly there is much truth in that. But how can the national government come into existence in the absence of the new constitution, or at least agreement on its principal elements? And how can the constitution be framed, unless a whole range of extremely difficult problems is attacked in earnest and solutions found for them? To some of these problems I believe that very few people in India have given a moment's thought: and yet they have a most vital bearing on the whole future of the country. I will indicate some of them and add a few words about each.

First and foremost, and in my opinion exceeding even the Pakistan issue in importance, is what I may call the social-economic problem. India aspires to have, or so I presume, a twentieth-century constitution; but she has somehow or other to harmonize this with a social structure of the eighteenth or even seventeenth century. New economic forces are beginning to gather strength and there can be no damming of the tide, though it is still not impossible to direct it into fertilizing channels. In my own country we have been accustomed at regular intervals to adjust our constitutional arrangements to changes in our social structure; and the last adjustment took place only a few months ago, following the practically unanimous report of an all-parties conference presided over by the Speaker of the House of Commons. Contrast what happened at the time of the French or the Russian Revolution. There an ancient and out-of-date social structure was swept away at a single stroke, and not until that had been done was the work of building the new constitution undertaken.

The circumstances which accompanied the social revolution in France are recorded in history; those which accompanied it in Russia are fresh in the memory of us all. Such things may happen again. I suppose that few will be

found to argue that the Indian social structure must continue unaltered and I have long thought that there were very explosive elements lying just beneath its surface. These may at any moment gather strength and burst forth with consequences that are indeed incalculable; but you cannot either in India or elsewhere turn back the trends of economics or of history.

Next comes that problem which may be conveniently described as the Pakistan issue. Many would put it first, but my own opinion is that which I have just expressed. On this issue, I should like to say this. It is one which has arisen several times in the course of history, where a group within an existing polity seeks to secure a greater measure of autonomy and to develop, unhampered by exterior control, its own special characteristics. A desire of this kind may ultimately develop into, a national movement, seeking to establish a new polity of its own; and where this is the case there are three things and three only which can happen: agreement, separation, or armed conflict. England and Scotland, after years of warfare open or concealed, ultimately came to the settlement enshrined in the British Statute Book as the Act of Union; Norway and Sweden within living memory agreed to part company in a friendly way; the United States settled their differences by civil war. In a domestic matter of such delicacy, it is the duty of those from another land, especially from Great Britain, to be very careful of the language which they may use; but perhaps I might without offence utter a few thoughts which have passed through my mind. A constitution, if it is to work, must be based upon the general assent; and to compel an unwilling partner to come or to stay in is to ask for trouble. I have heard civil war lightly spoken of, but civil war is a dreadful thing. The American analogy, sometimes appealed to, has little application. In that case there was an attempt by one side to repudiate unilaterally a solemn pact previously entered into: and there was also at stake the moral issue of slavery. A separatist movement such as I have described may be unwise, it may be blind to its own interests, it may show a complete want of logic: but nevertheless its unwisdom, its blindness, and its want of logic are all solid facts which have got to be taken into account; and no useful purpose is likely to be served merely by denouncing them. If matters come to the last extremity, then I repeat that agreement, separation, or conflict are the only alternatives; and India would have to choose one or other. It is not for me to express any opinion on the merits of the case, which I know are a matter of grave dispute; and I am certainly not suggesting that a critical situation has already arisen. I am only concerned with the facts and the need for a realistic treatment of them. I can, however, think of nothing worse in any event than a civil-war solution, or one likely to have more disastrous or far-reaching consequences.

Next comes the problem of the future machinery of government: is it to be the British Parliamentary system, the American Presidential system, the Swiss system, or some novel system altogether, provided it has a democratic character? A friend of mine, a very well known Indian leader, once said to me that in his opinion the system of parliamentary government was the truest form of democracy; and no doubt there is much to be said for this

view. It does not, however, follow necessarily that it is adapted in all respects to the circumstances in India, and the whole subject requires, I think, a very careful examination. The importance of a strong and fearless executive in a country like India can scarcely be exaggerated; and the parliamentary system carried to its logical conclusion may so subordinate the executive to the legislature as to become a source of weakness rather than of strength. I have already referred to the apparent difficulty of transplanting the constitutional conventions which have flourished and borne such abundant fruit in my own country; and it has sometimes seemed to me that the real problem in India was to combine something in the nature of a permanent or semi-permanent executive with a proper measure of parliamentary control. This sounds like an impossible task, and certainly its solution would make high demands upon the ingenuity of my own profession; but I do not believe that it need be insoluble.

The next group of problems are, I think, those concerned with questions of civil administration and national defence. He would be an optimist indeed who supposed that the world would see no more armed conflicts after the present war is over; and India will not be able to dispense with defence forces. It is, I hope, realized by this time that Great Britain will cease to have any responsibility for the defence of a self-governing India; and the whole machinery of defence, military, naval and air, will accordingly have to be reconstructed. It may well be that, if India asks Great Britain for assistance in these matters, it will not be withheld; and here I touch upon a point of very great importance, on which perhaps it is desirable that I should say as little as possible. If India decides to leave the British Commonwealth, as she will have the right to do, her defence problem will assume a very different aspect from what it is likely to be, if she remains within it; and this will especially be the case so far as naval defence is concerned. An immense range of problems is here opened up, which, as it seems to me, cannot be attacked too soon; and I should like to include among them the relations of the armed forces to the civil administration. The subordination of the former to the latter is by no means a thing which comes about automatically, as most people in India seem to think: and a weak civil government has always been a fruitful mother of dictatorships in every age.

No less important is the question of civil administration. My own view, or what it is worth, is that in a wholly self-governing India the autonomous provinces are unlikely to tolerate any all-India service possessing and exercising anything like the powers and functions of the present I. C. S. But I am not sure that the importance of the part played by the I. C. S. in maintaining the unity of India has always been appreciated. I doubt indeed whether the centrifugal forces released or augmented by the establishment of provincial autonomy could have been successfully controlled in the absence of such a body with the high quality and the corporate sense which comes from a long tradition of public service. No doubt the Central Government of the future can, and indeed must, create all-India services of its own; but it is in the highest degree unlikely that they will ever be permitted, as at present, to play the principal part in provincial administration. I do not think that at present any atten-

tion has been given to this matter; and the supreme importance of the administrative function in a country like India is the reason why I have thought it right to draw your attention to it here.

Next in my list of problems would come the relations, legislative, administrative and financial, between the Centre and the provinces. This indeed is not one problem but a series of problems; and if they are becoming more and more prominent even at the present time, it is manifest that in a self-governing India there may be disastrous consequences, if wise policies are not devised in time and if they do not secure general acceptance. The war has shown that the Centre has a more important part to play than had been realized even in matters hitherto regarded as exclusively within the provincial sphere. All-India planning, whether for education, for agriculture, for roads, or for industrialization, all of them provincial subjects, is unlikely to be effective without central inspiration and guidance, as well as close co-operation between central and provincial administrations.

Lastly, there is the problem of the Indian States; for any new constitution must, like the Act of 1935, contain provisions whereby, on their own initiative and in their own time, they may accede to the new India. This is one of the matters in which the British Government are interested, since it is under certain obligations to the Indian States, which it cannot, and would not wish to, disregard; so that the provisions of the new constitution in this respect would have to secure its assent. There can be no doubt that the importance in the world of Indian affairs has been greatly increased by the fact that the Crown is the suzerain of the Indian States and therefore controls in part directly, in part indirectly, the whole of India. A self-governing or independent India, which embraced only what is now known as British India, could not, I think, occupy an equal position: and that seems to make it all the more necessary that a method of linking their fortunes with the new government should be offered to the Indian States which they could accept without loss of dignity.

This is a formidable array of problems to be faced by Indian constitution-makers; I have only mentioned some of the more important; but there are many others scarcely less so, for example, the question of the franchise. None of these problems will be solved by guesswork or intuition, but only by hard intellectual effort. If, as I believe, but little thought has been given to more than one or two of them, is it not time that some steps were taken to bring them all under review? There are no doubt people who will tell me that it is the British Government which prevents any progress being made; but I cannot but think that, that is a form of escapism from which India ought now to shake herself free. Is she to fold her hands and do nothing, 'like John-a-dreams, unpregnant of her cause'? I cannot believe so; but the difficulty would seem to be that some lack the desire, some the courage, but some also the enterprise, to take the initiative. Yet things cannot surely be allowed to remain in this palsied state.

I observed that His Excellency not long ago, after stating, what indeed is obvious, that no actual constitutional change could be thought of until the

war is over, went on to say that there would in any event have to be preliminary enquiries and investigation and that there was no reason why these should not begin now; I quote from memory, but I think that, that was the substance of it. If then such an enquiry or investigation were set on foot, one is entitled to assume that it would receive all encouragement from those in authority and also no doubt that persons engaged in it would be furnished with such facilities as might be necessary for their task. His Excellency might even, though I have no means of knowing, be willing himself to invite a number of people to gather for the purpose, if assured that such an invitation would not be unwelcome. He would not, I assume, himself desire to select the persons to be invited, but would no doubt request various representative bodies to suggest names. Unless a sufficient number of persons responded, I agree that it would clearly be useless to proceed; but I can imagine very useful work being done, even if there were a certain number of abstentions; and even those who abstained at first might be willing to come in later. Those first appointed might also desire themselves to co-opt others. I envisage a gathering exclusively Indian in composition and completely unofficial, though some contact with the authorities might be found of advantage from time to time. If the discussions made any progress, it would almost certainly be found that information, historical, legal, or statistical, on various technical points would be required which could only be provided from official sources; and indeed an unofficial body could not dispense with help of this kind. It would be understood that all discussions were free and unfettered and without prejudice, in the legal sense of that expression; they would be exploratory in the first instance, and it would be for those who engaged in them to determine whether they could usefully be taken a step further. I hope that they would be carried on in private and that they would be regarded as strictly confidential by all taking part in them; since in no other way can freedom of expression be secured and influence or pressure from outside avoided. The whole constitutional field would be open to such a body; and I would not even exclude, if it were thought desirable, a re-examination of the Government of India Act, 1935.

Is such a plan not feasible? I only put forward the suggestion, because it seems to me that in some way or other, by someone or other, the vicious circle must be broken and the wheels made to begin revolving once more. My suggestion is no doubt only one of many which might be made; but it is put forward in good faith and with an earnest desire to make a contribution, however tiny, to the unravelling of these grave questions. I hope that it will not be regarded as suspect, because an Englishman makes it. My countrymen long ago recognized, willingly and by no means under compulsion, that the time must come for them to relinquish their responsibilities in India and to give Indians the fullest opportunity of governing themselves. I repeat the words 'willingly and under no compulsion.' Great Britain has contributed as much as any nation to the arts of government and especially of self-government; and she is well aware from her own experience and the lessons of history that no country can, after a certain stage of development has been reached, per-

manently rule another country with success. I share those views; and I hope that my association with India has now continued long enough for me to be believed when I say that they come from my heart.

Mr. Logan Pearsall Smith, in one of his fascinating studies in the English language, says: 'When we examine the English words in foreign languages, we find that the most numerous and the most important of them belong to a special class, and have in common one marked characteristic. They are all descriptions of some kind of associative action; they are names for methods and results of one form or other of voluntary co-operation, and owe their origin to the formation of groups or bodies, large or small, of men working freely together for some common purpose.' And then he speaks of 'one great word which has been adopted from English into almost all the languages of the world,' the word 'committee,' in which, as he says, we find the embodiment of the English spirit of free association, and the method by which the self-governing groups manage their affairs. It is the first instinct of my countrymen, when they have difficult questions to answer in which a number of persons are found to be holding different views, to gather round a table and to arrive at conclusions by talking the matter out. Whether this instinct arises from the associations of which Mr. Logan Pearsall Smith speaks, or whether it has itself created them, it is not necessary to enquire; but that it produces extremely valuable results there can be no doubt whatsoever. The best kind of committee work implies a spirit of give and take, a willingness to state your own views and then to listen without interruption to the views of others, the voluntary submission of the individual to the group; and it is these qualities which are most suited for the hammering out of a constitution. Is not then such a method worth a trial?

I would indeed ask if India can afford not to give it a trial. Sooner or later Indian representatives will have to sit down together, if they want a constitution at all; and why not sooner rather than later? The time for anything in the nature of a constituent assembly is not yet; and even a constituent assembly would find it hard to produce results of value, unless there had first been a thorough exploration of the ground. I venture also respectfully to suggest that even meetings between leaders require much more preliminary work than they have hitherto received, if they are to have any chance of success; and indeed it has always seemed to me that meetings between leaders ought in any case to come at the end rather than at the beginning, since if they fail the disappointment is all the greater and there is nothing left for the time being to fall back upon. A meeting round a table of a number of persons representing various points of view will at least disclose the points of agreement and of difference between them; and I do not believe that there is as yet in India any certain knowledge even about that. Yet what an immense step forward would have been taken, if issues were to become clearly defined, motives better understood, and information made available of the points on which compromise would or would not be possible.

I am not unaware of one objection which may be raised to the suggestion which I have ventured to make, namely, that such a gathering as I have indicated

would be incomplete in the absence of certain persons whose physical presence at the moment is not possible. This is a subject on which I must speak with reserve; but it has occurred to me, though I speak for no one but myself, that an expression on their part of a desire to join in such discussions might itself be thought to create a new situation. But be this as it may, I recall a statement made not long ago by a greatly respected Indian leader whose nationalist sympathies are beyond suspicion, that, though he deplored the temporary absence of this leader or of that, nevertheless he thought that a duty rested on the rest to go forward, if necessary by themselves. And lastly, I venture to quote from an article written during the last few weeks by an Indian commentator on politics from the nationalist point of view whom I always read with attention, even if I do not always share his opinions. 'In the present circumstances it is important that every effort should be made for a return to normality. A return to normality as between the various parties, and including the authorities, is however more difficult; but not impossible, if the policies that disturbed the equilibrium two years ago are completely reversed. Political retreats necessarily hurt personal and party pride, but in the long run may not prove inglorious.'

These are wise and courageous words, and I do not think that I can do better than conclude this address with them.

#### A DISCUSSION FOLLOWED

Referring to Sir Maurice's suggestion that a study of the future constitution of India should be undertaken now, Mr. N. M. JOSHI wanted to know whether India was going to have one Central Government or two entirely different governments; he felt that, unless this was known beforehand, any attempt to frame a constitution would not have the necessary response.

Mr. P. N. SAPRU remarked that any gathering of men for drawing up the future constitution must first tackle the question of machinery which would frame the constitution; in devising a suitable machinery, the social environment in the country and the communal cleavages should be taken into consideration. But if, after all their labours, an agreement was not reached, he suggested recourse to arbitration, as in international affairs.

Mrs. RENUKA RAY said that the Act of 1935 laid too much emphasis on communal differences, and to say that Indians must get united was only to make the circumstances more vicious.

Mr. ATUL PATRA thought that the essence of administration lay in the results achieved, and that Britain could, if she willed it, iron out the differences, if any, obtaining among Indians.

PANDIT KUNZRU did not agree with Sir Maurice's analysis of the actions and motives of those who questioned British policy in this country and who were actively engaged in moulding public opinion with a view to the achievement of freedom. He agreed with Sir Maurice that the economic and social questions to which Sir Maurice had referred were among the most impor-

tant requiring earnest and immediate consideration; but he thought that the political question, at any rate that part of it which related to Pakistan, was no less important than any other question. Further, his view was that in solving this political problem, Great Britain should not throw the entire responsibility on Indians; she must share it with them. Otherwise, the parties that were engaged in considering controversial questions would refuse to accept any compromise in the hope that they would be able to get a better deal from the third party.

PRINCIPAL GURMUKH NIHAL SINGH agreed with Sir Maurice that the method of agreement was the best, not the method of separation or civil war. He, however, thought that a committee appointed by the Indian Council of World Affairs, acting in co-operation with the Indian Political Science Association, could do very valuable work in preparing the ground for a future assembly which could actually frame a constitution.

DR. V. K. R. V. RAO wanted to know if His Majesty's Government would recognize the representative character of a committee or conference set up to devise a constitution, and if it would in advance pledge its word that it would implement the decisions arrived at by such a body. He would also like to know in advance what Britain's irreducible and inevitable commitments in India were.

Replying to the points raised, SIR MAURICE GWYER reiterated his conviction that a committee of responsible leaders, representing different points of view, could be very useful in exploring the ground thoroughly. He personally thought that while political scientists could throw a good deal of light on certain questions, the task of getting together and settling matters was the responsibility of practical people who had to justify their action before their parties and the people. 'I do not think myself that people like Mr. Bhulabhai Desai would feel themselves bound even by the unanimous conclusions of a body of political scientists. Like Lord Sankey he would simply say, "Thank you, you have thrown a flood of light on the whole question"' (Laughter).

SIR MAURICE thought that a country must be able to solve its own domestic difficulties; he believed that India was capable of solving them: 'If your constitution is prepared now and accepted generally in India, of course, Great Britain will accept it and I assure you she would accept it with a great sigh of relief.'

SIR SYED RAZA ALI: Would Churchill accept it?

SIR MAURICE: 'I heard Mr. Churchill say in 1938, "I was one of those who regarded the Act of 1935 as premature and I fought it to the best of my ability. But all that is past. The Act is on the statute book and now we have to look forward and do our best to make it a success." That is the normal Englishman's attitude'.

SIR TEJ BAHADUR SAPRU thought that it was most unprofitable to dwell on things past: his own independent opinion was that such chances as there were of the 1935 Constitution being accepted were ruined because of the

attempt made at the Second and the Third Round Table Conferences to overload it with safeguards and reservations. He also thought that Lord Linlithgow had committed a blunder in not having expedited the inauguration of the Federation in 1939; if he had not shelved it then, 'we would have covered a large ground by now.'

Leaving aside the past, he thought that the main suggestion of Sir Maurice that some spade work should be done before leaders met was worthy of serious consideration. 'I consider it a shame if every one felt that the problem of Constitution-making should be left to the British Government or the Indian Government, although I would welcome their co-operation. It is clearly our duty that we should tackle this problem, whatever may be the response.' A committee of men, not indentified with any party, could do much useful exploratory work. He expressed his gratitude to Sir Maurice for his useful address.

## STABILIZATION OF CURRENCIES & PRICES<sup>1</sup>

*By V. K. R. V. RAO*

I PROPOSE to confine myself in this paper to the problem of the stabilization of currencies and prices in India at the end of this war.

The problem of stabilization has long been a familiar feature of India's currency history. The 19th century witnessed the institution of the silver standard in India, but gold was also a recognized currency and the first fifty years constituted a period of frequent fluctuations in the parities of gold and silver coins accompanied by the not very successful attempts of Government to regulate their relationship. Then began the era of the gold standard in Europe, and, due to this and other reasons, the price of silver fell rapidly in terms of gold. The gold value of the rupee followed suit, and the country found itself in financial difficulties in meeting its gold obligations in the United Kingdom. The Government of India exerted itself, along with some other Governments, to bring about an international bimetallism and a fixation of gold and silver parities, but these attempts did not succeed; and in the meantime, the value of the rupee fell rapidly from 2sh. gold in 1873 to 1sh. gold in 1893. This was followed by the closure of the Indian mints to the coinage of rupees; and the Indian rupee lost its character of a standard currency and became a token coin. From 1873 to 1893, there was a steady appreciation in the value of the rupee; and in 1897, it was stabilized at 1sh. 4d. gold. The period 1897 to 1916 was one of stability of exchange in Indian currency due to the successful working of the gold exchange standard. The war of 1914-18 led to a rise in the country's favourable balance of payments, and a consequent increase in the volume of her currency; but this by itself did not result in the break-down of her stability of exchange. The immediate cause for the break-down was

the steep rise in the price of silver which soon led to the bullion value of the rupee exceeding its currency value. People began to melt rupees; but conditions in the country had not yet reached a stage when either the silver content of the rupee could be reduced or silver coinage replaced by paper currency. Government were, therefore, more or less compelled to abandon stability of exchange and raise the value of the rupee with every rise in the price of silver. The exchange value of the rupee rose from 1 sh. 4d. to 2 sh. 10d., and the period 1916 to 1920 was one of the most acute instability of exchange. Government appointed a committee in 1919 to report on the level at which the value of the rupee should be stabilized. It is now admitted on all hands that the time was most inopportune for taking a decision on the future value of the rupee; and, moreover, it was absurd to base decisions on the obviously temporary change which had taken place in the price of silver; and even if this change were permanent, there were other remedies open to Government than to accept a permanent appreciation in the value of the rupee. The situation could have been remedied if the expert committee had taken into account the conditions mentioned above and refrained from suggesting a change in the pre-war exchange value of the rupee. Unfortunately, the committee recommended by a majority that the exchange value of the rupee should be stabilized at 2 sh. gold; and this at a time when even the English £ was in a state of depreciation in terms of gold. More unfortunately, Government accepted the majority report of the Committee<sup>2</sup> and the decision was sought to be implemented by the sale of sterling. In spite of the sales of sterling the value of the rupee fell and Government declared that they would now maintain the value of the rupee at 2 sh. sterling. More sales of sterling followed, but this failed to arrest the fall in value of the rupee. Government, therefore, finally abandoned any attempt to stabilize the value of the rupee at a given rate and the rupee was permitted to find its own level. The value of the rupee which had fallen to as low as 1 sh. 1d. slowly rose till it reached 1 sh. 4d. in 1924 and subsequently 1 sh. 6d. in 1926. By that time, the pound had been restored to its pre-war gold parity with the result that 1 sh. 6d. sterling had become identical with 1 sh. 6d. gold. Government appointed another Royal Commission to enquire into the whole question of Indian currency in 1926, and, following their recommendation, the value of the rupee was once again stabilized, this time at 1 sh. 6d. gold. From 1927 to 1931, the value of the rupee remained stable, though Government had a good deal of difficulty in maintaining the rate particularly in the latter part of that period. In September 1931, following the example of the United Kingdom, the Government of India went off the gold bullion standard and once more the value of the rupee became unstable. Within 3 days, Government changed their mind and linked the rupee to sterling (not gold) at the rate of 1 sh. 6d. The value of the rupee has since then remained unaltered at 1 sh. 6d. sterling.

I have thought it fit to give the above brief account of the history of Indian currency in respect of its stability of exchange in order to enable a better appreciation of the background when any attempt is made at re-stabilization at the end of this war and also with a view to our being guided by the lessons

we should have learnt by now from this history.

The first thing I should like to point out, however, is that, unlike as in the last war, stability of exchange in Indian currency during the war period has been maintained, but while exchange has remained stable there has been the most unprecedented rise in the price level in the country. The index number of Indian prices which stood at 100 in August 1939 rose to 243.5 in August 1943 and has since then remained more or less stable, the index for the latest available period, viz., on 25-11-44 being 246.7. It may also be relevant to note that the increase which has taken place in the index number possibly does not represent quite accurately the actual rise in prices in the country in so far as it records only controlled prices, whereas in the case of a number of commodities, either black market conditions do exist or the commodities are not available at all in the open market. There is no doubt, therefore, that there has been a heavy rise in Indian prices during this war and it is no longer a matter of controversy that this is a rise which can be described at least to some extent as an inflationary rise.

It may be worthwhile giving a brief account of the principal causes which have led to the rise of prices in India during the war. To begin with, India has been a major base of supplies for the armies of United Nations, particularly after the entry of Japan into the war; and large quantities of goods and services were purchased from India and paid for in rupees which in turn were obtained by the sale of sterling to the Reserve Bank of India. The expenditure incurred by His Majesty's Government in India during the years 1939-40 to 1944-45<sup>8</sup> has been estimated at 13,850 millions of rupees. There was also in addition a considerable expansion in the expenditure of the Government of India proper, both for defence and other purposes, and this was financed partly by taxation and partly by loans, a portion of the latter of which might have come from banks. The total extra expenditure incurred by the Government of India during the years 1939-40 to 1944-45 on account of the conditions arising out of the war has been 8,440 millions of rupees. There has been, therefore, during the years 1939-40 to 1944-45 an increase in rupee expenditure in the country of 22,290 millions of rupees and it was natural that this should have had a sharp reaction on the price level of commodities in India.

Secondly, production within the country did not expand *pro tanto* with the increase in the volume of money expenditure. There was no doubt some increase in production but much of the increase—this has been estimated at an overall figure of 20%—was in the field of non-consumption goods which, therefore, could not bring any relief to the consumer, nor offset the impact of the increased money incomes on the price level. At the same time, a considerable proportion of consumption goods available from domestic production was diverted from civilian to defence purposes by the use of increased purchasing power created by Government; with the result that the increased incomes also created by this process had to be satisfied by a reduced volume of consumption goods. Then again, whereas the country has been accustomed in the pre-war period to a net import of manufactured goods, the war

saw a reversal of this trend and there was actually a net export of manufactured goods from within the country, thus further reducing the stock of consumption goods available for the domestic civilian population. The result of all these was a rise in the cost of living, an agitation for and consequent grant of dearness allowances and a further rise in the cost of living. The table below gives the extent of this rise in a few important centres in India for which the necessary information is available.

TABLE I  
(Base Aug. 1939=100)

<i>Month</i>	<i>Place</i>	<i>Index</i>
September '44	Bombay ..	228.0
	Ahmedabad ..	301.0
	Sholapur ..	280.0
	Jalagaon ..	311.0
October '44	Cawnpore ..	329.0
September '44	Nagpur ..	265.0
October '44	Madras ..	208.0
September '44	Lahore ..	269.0

Thirdly, the rise in prices was accentuated by lack of transport which led to local shortages, impaired confidence and pushed up local price levels with inevitable reaction on price levels in the country as a whole. For a country as vast as this, transport by rail, road and coast is the life blood of the economic system; and as the country was not in a position to replenish or increase either its stock of locomotives or motor vehicles or coastal vessels and, as she did not have internal supplies of oil and as, further, the transport system had to face the heavily increased strain of the military movement of both goods and personnel, the natural consequence was, as I said above, local shortages and increased price levels.

The state of confidence, it is now admitted by monetary theorists, is an important factor in determining the movement of prices. The entry of Japan into the war and the very real threat of invasion to which the country was exposed, the fear caused by Allied reverses during the early part of the war, the dread of scarcity caused by local shortages and the expectation of rise in prices created by Government's steadily increasing volume of rupee expenditure, all these led to a decline in the state of confidence and induced hoarding on a large scale both by traders and consumers and resulted in the emergence of black markets, all of which played an important part in accentuating the tendency towards rise in prices.

Finally, economic controls and anti-inflationary measures of the type adopted in other belligerent countries were not enforced in this country during the earlier period of the war. There is perhaps not much point in allotting blame for this failure in Government's war-time economic policy. Partly no doubt it was due to the fact that conditions making for a steep rise in prices in this country did not really begin to operate on a major scale till the entry of Japan into the war and partly no doubt it was due to the vast size of the country, the

organization of farming on a small scale and subsistence basis, and partly due to the lack of co-operation between Government and the people. All the same, recent events have shown that these obstacles were not insurmountable and some blame must, therefore, rest on Government for not having inaugurated in time a policy of anti-inflationary economic controls of the type they started in May 1943 and which have definitely succeeded in arresting the upward trend of Indian prices since then.

To sum up, the present position is that prices in India are very much higher than they were at the beginning of the war and this is true not only of manufactured goods but also of foodgrains. The table below gives a picture of the latest position by principal classes of commodities.

TABLE 2  
For the Week Ending 25-11-44

	<i>Commodity</i>	<i>Index</i>
Agricultural Commodities	Rice .. .. .. .. .. .. .. 333	
	Wheat .. .. .. .. .. .. .. 377	
	Tea .. .. .. .. .. .. .. 155	
	Groundnuts .. .. .. .. .. .. .. 212	
	Coffee .. .. .. .. .. .. .. 349	
	Cotton (raw) .. .. .. .. .. .. .. 181	
	Group Agricultural Commodities .. .. .. 269.2	
Raw Materials	Pig Iron .. .. .. .. .. .. .. 117	
	Coal .. .. .. .. .. .. .. 315	
	Lac .. .. .. .. .. .. .. 507	
	Wool .. .. .. .. .. .. .. 241	
	Hides and skins .. .. .. .. .. .. .. 135	
	Kerosene .. .. .. .. .. .. .. 175	
	Petrol .. .. .. .. .. .. .. 168	
	Group Raw Materials .. .. .. 209.7	
(Base Week Ending 19th August, 1939=100)		
Manufactures	Jute .. .. .. .. .. .. .. 241	
	Cement .. .. .. .. .. .. .. 212	
	Leather .. .. .. .. .. .. .. 217	
	Group Manufactures .. .. .. 255.7	
	All Commodities .. .. .. 246.7	

The position now is :

- (1) The price level in India is 147% in excess of what it was in 1939.
- (2) The cost of living in India for such industrial centres for which information is available shows a rise between 108 and 229%.
- (3) The Reserve Bank of India has now got sterling balances totalling in

value 8,518 million rupees in the Issue Department and 3,030 million rupees in the Banking Department. This shows an excess of 10,837 million rupees over the pre-war sterling holdings of the Reserve Bank.

*Prima facie*, from the point of stabilization of Indian currency at the end of the war, the problem is rather peculiar. On the one hand, the purchasing power of the Indian rupee has fallen considerably not only in comparison with its pre-war level, but also in comparison with the fall that has taken place in the purchasing power of sterling with which the Indian rupee is linked and has remained linked at the rate of 1 sh. 6d. to the rupee. Thus, the rise in prices in U. K. is only 66% as compared to the 147% rise in India and this should cause a presumption in favour of the view that the rupee should be de-valued and its new rate of exchange fixed at a lower level at the end of the war. On the other hand, the country has now a large stock of sterling balances, many times in excess of the maximum adverse balance of payments which the country has had to meet in the last 50 years. This should, therefore, not only make it easier for the Central Bank of the country to hold the rupee at 1 sh. 6d. sterling, but also may be cited as an argument in favour of appreciating the value of the rupee above its present level of 1 sh. 6d. The position is surely of a rather complex character and needs a close examination.

The one hopeful factor of the situation is that the Indian rupee is no longer linked to silver in the manner in which it was during the last war and which in fact necessitated the unfortunate fluctuations in the exchange value of the rupee to which reference has already been made. For one thing the silver content of the rupee has now been reduced very much below its pre-war levels, while for another the Reserve Bank of India is no longer under a legal obligation to give rupees in exchange for currency notes, and finally the Indian public is now accustomed much more than before to the use of paper currency. Changes, either past or prospective, in the value of silver need not, therefore, be of much importance so far as the problem of stabilization of the value of the rupee in the post-war period is concerned.

The other problem, however, is important. Should the value of the rupee be allowed to stand at its present level? Should it be permitted to appreciate or should it be de-valued? Before considering these alternatives in detail, it is relevant to note that while there are no definite *a priori* principles as such regarding stabilization of currencies, the important points to be borne in mind when undertaking stabilization are the following:—

(1) The level at which the exchange value of currency is fixed should be such that its maintenance by the Central Bank of the country would not be difficult. In particular, the measures required for its maintenance should not involve, as far as possible, deflation.

(2) If it is intended to alter the value of the currency, it must be seen whether the new value proposed is in reasonable consistency with the purchasing power parity of the currency concerned in terms of foreign currencies and particularly in terms of the currency or currencies with which it is going to be linked.

(3) The new rate of exchange which it is proposed to establish should be such as to be consistent with prices, costs and incomes in the country. In other words, the adjustment of prices, costs and incomes to the new level of exchange should already have taken place, or, if it has not, such adjustment should be easy of achievement.

If we apply these norms to the problem of stabilization of India's currency, it is clear that as far as the technical maintenance of the present exchange rate is concerned, it should be easy for the Central Bank of the country to undertake it in view of the large stock of sterling balances which we have accumulated. In making this statement, I am making the tacit assumption that the sterling balances will be available to the country for meeting its foreign expenditure. I admit that during the war there has been a considerable suppression of the internal demand for foreign goods, both consumer goods and capital goods; and that the restoration of normal conditions will probably witness a sudden spurt in India's demand for imports and, therefore, for foreign exchange. I also admit that plans for post-war reconstruction in India which are in the air will necessitate a rise in the country's demand for imports particularly of capital goods, and therefore of foreign exchange. That is why the problem of the ready availability of India's sterling balances is of such vital importance to the solution of her post-war currency problem, but given the assumption which I have mentioned, viz., that some practical arrangements will be arrived at for the orderly liquidation of the country's sterling balances, there is, in my opinion, no reason to doubt the ability of the Central Bank to maintain the existing rate of exchange unimpaired. Incidentally, a further argument in favour of this course is the need for keeping down the costs of economic reconstruction in this country and that is not likely to be achieved with a devaluation in the rate of exchange.

But are we justified in suggesting an appreciation in the value of the rupee because of our strong technical position in regard to foreign exchange reserves? I am reluctant to accept this line of argument, because of the big difference that exists today between the level of prices in India and those in other countries of the world. I am not suggesting that prices in India should be maintained at their existing levels. But at the same time, I am not prepared to accept a course of action which would bring about a precipitate fall in Indian prices and thereby cause the collapse of Indian industries started during the war and also result in domestic unemployment, labour troubles, etc. A sudden appreciation in the exchange value of the rupee would cause deflationary action of a precipitate character not only with respect to industrial prices but also agricultural prices, and this alone, I think, should be enough to rule it out of consideration. After all, when determining our exchange ratio, we must not be unduly influenced by the size of exchange reserves which have been accumulated as a result of temporary causes and which, moreover, are not likely to be available all at once and for all purposes. Purchasing power parities are bound to tell in the long run in influencing the levels of foreign exchange and the ratios of purchasing power parities as they are

at present are certainly not in favour of an appreciation in the exchange value of the rupee.

Would we be justified in asking for a depreciation in the exchange value of the rupee because of the fall that has taken place during the war in the purchasing power of the Indian rupee? I do not think, we would be justified in asking for this line of action. First of all, the rise which has taken place in Indian prices during the war is abnormal and it would be very rash to suggest that the post-war position should be based on these abnormal levels. The prices of foodgrains in India are today more than 2 to 3 times what they were before the war and are also considerably higher than what they were in the period 1925 to 1928 which was usually regarded as a period of prosperity for Indian farmers. The only justification for this high level, which is advanced even by the warmest protagonists of agricultural interests, is, on the one hand, the rise which has taken place in the cost of production and, on the other, the rise which has taken place in the prices of consumer goods. With the termination of war and the resumption of normal trade relations, the prices of consumer goods are bound to come down and also, to a considerable extent, the cost of production. Moreover, maintenance of the present levels would enormously put up the money cost of economic reconstruction and make much more difficult the financial implementing of the plans for economic development of India. Further, the present rise in prices has largely been of an inflationary character and it has not been accompanied by a proper adjustment of costs and incomes of different classes in the community to the higher price level. Some classes have made abnormal gains and others, particularly fixed income groups, the rural non-producers and the subsistence farmers have suffered abnormal losses. The redistribution of the national income among different classes of persons in the community which the inflationary rise in Indian prices has brought about cannot be considered as an equitable redistribution and it would, therefore, be unfair deliberately to take steps to make it permanent. Finally, I am very doubtful whether the war-time rise in prices, the causes for which I have already explained, will be sustained at the end of the war when most of these causes will cease to operate. In particular, the disappearance of the expenditure of the United Nations in India, the free flow of imports, and the restoration of confidence will all automatically operate in the direction of bringing down the level of prices; and if we were to ignore these factors and assume that the present abnormal rise in Indian prices has got in it the seeds of self-maintenance, we shall probably be making the same mistake which we did in 1919 in assuming that the rise in the price of silver was of a permanent character; and to base a permanent rate of exchange on such unsafe assumptions would indeed be a mistake which we should not repeat. Moreover, while the natural tendency in India would be for a fall in prices, we must also take into account the likely trends in the United Kingdom and other places in the post-war period. Last time, we made the mistake of believing that because prices in the United Kingdom had risen much more than prices in India during the war, they would remain so at the end of the war. Let

us not make the mistake of believing this time that, because prices in the United Kingdom have risen much less than prices in India during this war, therefore, they will remain so at the end of the war. My own belief is that while the post-war trend in Indian prices would be downward, the post-war trend in the United Kingdom and other countries abroad, where price controls have operated vigorously during the war, would be upward. If this assumption is correct, it constitutes an even more conclusive argument against taking any steps at this time at bringing down the exchange value of the rupee simply because of the temporary fall it has sustained in its domestic purchasing power on account of abnormal war-time changes in prices.

It will be seen that the line of reasoning adopted above favours neither an appreciation in the exchange value of the rupee, nor a de-valuation, but they seem to point towards the advisability of maintaining unimpaired the existing rate of exchange. At the same time, it may be unwise definitely to commit the country at this stage even to the existing rate of exchange as the permanent exchange rate in the post-war period. After all, we still have no definite knowledge about certain important factors on which will depend the rate of stabilization. We do not know how far prices in India will fall when war-time expenditure declines and more consumption goods become available both from domestic and foreign sources for the civilian population; we do not know what would be the trend in prices in the U. K. and the other belligerent countries when once war-time controls are removed and normal economic life resumed; nor do we have any information, at this stage, of the period over which our sterling balances will be permitted to be liquidated, the annual instalments which will be allowed, and the extent to which they would be convertible into non-sterling currencies. In these circumstances, I would be inclined to the conclusion that (a) we should not make any change in the exchange value of the rupee immediately at the end of the war and (b) we should reserve to ourselves the right to alter this rate and suggest if necessary a new rate—which may be higher or lower—once world conditions are restored to normal and we are in a position to foresee with greater accuracy than we can at present the trend of the various factors discussed above on which the stabilization of exchange depends.

I have so far made the tacit assumption that the legal link between sterling and the rupee should continue at the end of the war. I see no practical alternative to this assumption. For various reasons, it is not possible to think of independently linking the rupee with gold, as long as we do not have enough reserves of gold and, further, do not know what is going to happen to gold in the post-war period. As for linking the rupee with the dollar, it is an undeniable fact at the present moment that our trade relations are much more with countries in the sterling block than with the United States of America; and the fact has also to be faced that it would be much easier for us to realize our sterling balances if our currency were linked to sterling rather than to the dollar. Moreover, with the creation of the international currency organization, the link with sterling will not have the disadvantages that would have accompanied such a link in the pre-war world. It is for these reasons

that I am not suggesting any abandonment of the link with sterling in the immediate post-war period; but as far as the permanent or long-period post-war position is concerned, it should be open to the country later on either to link the rupee directly with gold or with any other currency which it may be in the interests of the country to do, just as it should also be open to her to change the exchange value of the rupee.

Finally, there is the question of what is the relation of the Indian currency problem to the world monetary plans.<sup>4</sup>

As far as India is concerned, her post-war currency requirements can be summed up in the following manner:—

(1) India will be having at the end of the war an active programme of economic development, involving the use of tariff walls, control of imports, and large-scale public expenditure. All this is not consistent with a rigid stability of exchange, nor with an international currency order which does not have the objective of full employment and fails to pay special attention to the need for accelerating progress and development in the economically backward countries like India and China.

(2) India will be requiring the use of large foreign exchange resources both in sterling and non-sterling currencies to pay for her pent-up demand for imported consumer goods, and finance the import of the capital goods required for her economic development. In ordinary circumstances, this would have necessitated the demand by India of a large loan from the international monetary organization, as, for example, China is likely to do. But perhaps fortunately for India, her people have, at the cost of current consumption during the war, built up a substantial stock of national savings which is held in the form of sterling. It is essential that this sterling should be available to her in reasonable instalments during the post-war period, and that a part of it, at any rate, be freely convertible into non-sterling currencies required to pay for India's imports from the non-sterling area. India is, therefore, vitally interested in the restoration of an international currency order which will facilitate the liquidation of her sterling balances; and is particularly anxious to have her war-time balances included within the scope of operations of any international currency authority which may be brought into existence in the post-war period.

(3) As regards temporary accommodation to meet any adverse balance of payments which India may develop at the end of the post-war period, India's position is much stronger than that of other Far-Eastern countries because of her sterling balances to which reference has been made above; but in case satisfactory arrangements are not made to make these sterling balances available to India in reasonable instalments, her need for temporary accommodation from the international currency authority will be very great indeed; in fact, I think, India's needs may prove to be even greater than those of China, which, in any case, is bound to require a substantial measure of such temporary accommodation. It would, therefore, be in the interests of the efficient working of the international currency authority to see that India's sterling balances are made available to her in the post-war period.

(4) As an agricultural country which has suffered frequent and heavy falls in the incomes of its peasantry on account of the slumps originating in the industrial west, India is anxious to see that (1) trade cycles are controlled and (2) agricultural prices are in reasonable parity with industrial prices and not allowed to suffer a differential fall. I do not know how far it would be possible to achieve these two objects through a world monetary organization;

but it is certain that in the absence of such an organization, it would be impossible to achieve them. India should, therefore, support the creation of an international monetary organization and see that it works in the directions mentioned above. The best way of ensuring the latter is by getting adequate representation for the agricultural and raw-material producing countries on the executive of this international currency authority, and particularly by getting a permanent seat for India on the executive.

(5) It is not possible for India to determine immediately at the end of the war what her permanent rate of exchange should be in the post-war period. Whatever rate she decides on at the time of joining the International Currency Organization will have to be provisional and subject to change later on, when once the country is in possession of all the relevant data pertaining to long-period stabilization.

I do not propose to repeat here the main outline of the international currency plan which has been approved of at the Conference at Bretton Woods. I have done this elsewhere and, moreover, I believe delegates to the coming conference of the Institute of Pacific relations will all be in possession of the main details of the proposed International Monetary Fund. From the Indian point of view, the creation of this new currency organization will certainly not prove to be a disadvantage. On the one hand the new Fund gives to member countries a considerable measure of economic autonomy, permits them to retain war-time controls on imports and exchange till the restoration of conditions which will enable them to meet their normal balances of payment and, at the same time, gives them the benefit of a temporary accommodation from the Fund, for financing an excess of imports over exports to the maximum extent of 200% of their initial quotas. It is also a matter for satisfaction that among the purposes of the Fund is included 'the promotion and maintenance of high levels of employment and real income' and 'the development of the productive resources of all members,' though I am not happy at confining the method of achieving these desired objectives merely to 'the expansion and balanced growth of international trade.' Provision is also made in the Fund for a certain measure of flexibility in the rate of exchange and for a change in the rate fixed initially at the time of entry into the Fund.

There are, however, two serious defects in the constitution of the Monetary Fund from the point of view of India. One is a failure to grant India a permanent seat on the Executive Board of Directors of the Fund; the other is a failure to include war-time balances within the scope of the Fund. Both these, in my opinion, constitute serious defects, the rectification of which should be attempted even at this late stage. The constitution and powers of the International Monetary Fund and the rights and obligations of the member countries are at present fixed in such an elastic and fluid manner that much will depend upon the actual administration of the Fund; and this in turn upon the composition of the personnel of the Executive Board of Directors. Hence the importance of an agricultural and backward economy of the size and importance of India being given a permanent seat on the Executive.

As regards war-time balances, I think there is a good deal of misunderstanding which has been permitted to develop on this question. First of all, a substantial portion of these balances, from Rs. 3,000 to 4,000 million, represent India's normal favourable balance of trade which has been paid for in sterling and which cannot be traced particularly to the operation of war-time conditions. As regards the balance, which constitutes much the larger portion of the total amount, it does not represent profiteering on the part of India. On the contrary, most of the commodities and services sold to the Allies have been at controlled rates, while the same cannot be said with equal force of the rates which the domestic civilian population have had to pay for the identical goods and services. These sterling balances represent the reduction in consumption which the people of this country have suffered on account of the supplies they have made to the United Nations and it is relevant to note that this reduction in consumption has been spread most unevenly over different sections of the community, because of the inflationary manner in which purchases for the United Nations have been financed in this country. In the circumstances, to suggest that these sterling balances are the result of profiteering on the part of India is a gross abuse of language. They represent a compulsory loan on the part of India to the United Nations and a loan which has been given at the expense of substantial reduction in consumption by a people whose standard of living, even prior to this reduction, was very much below that of the other civilized members in the ranks of the United Nations. There can, therefore, be no moral question as to the legitimacy of India's claim to these balances; whether these balances should be met by the United Kingdom alone or whether she should ask the United States and other wealthy members of the United Nations to share in meeting these balances is not a question for me to express an opinion on.

Given the right of India to these balances, the question is, in what manner they should be liquidated and how far the sterling should be convertible into non-sterling currencies. Nobody suggests for a moment that all the sterling should be made available to India at once, nor that all the sterling should be made convertible into dollars, or other non-sterling currencies. Obviously, only a part of the sterling balances could be converted into dollars, for the convertibility of the sterling balances into dollars depends upon the ability of the United Kingdom to export on a large scale to the United States and build up a favourable balance of payments with her. It should be easier for the United Kingdom to export to India than to the United States and, therefore, there is an obvious limitation to the extent to which all the sterling balances could be made convertible into dollars. At the same time, it would be not correct to argue that none of the sterling balances should be convertible into dollars, for, a part of these balances was built up by the compulsory conversion into sterling of India's dollar claims and assets. Moreover, India was compelled to accept sterling in payment for her sales and it is, therefore, but fair on her part to expect that at least a part of the sterling so given to her would be treated as free currency. It is not possible to suggest in this paper the exact amount of sterling which ought to be convertible into

dollars or the exact period over which the liquidation of the sterling balances should be spread. These are matters for detailed negotiations between the Government of India and that of the United Kingdom, and will have to be based upon a comprehensive knowledge of the post-war requirements of India in the matter of imports from the United Kingdom, the United States and other countries. The inclusion of the war-time balances within the scope of the Monetary Fund would have given people in India confidence that the sterling balances would be liquidated within a reasonable period of time and they would also have got the feeling that a reasonable part of these balances would be made available in dollars. However, this has not been done, and I do not know if it would be possible to get the question reopened. If it is, I would still urge, primarily from the point of view of restoring confidence in India, the need for including sterling balances within the scope of the International Monetary Fund. If that is not possible, the liquidation of these balances must necessarily form the subject of bilateral negotiations between India and the United Kingdom and I hope that, in these negotiations, due account will be taken of the post-war needs of India in respect of both capital goods and consumer goods. As regards dollars, I wonder if it would be possible for India to obtain them from or through the help of the International Bank against the security of her sterling balances. If arrangements could be made with the United Kingdom for her to pay the amortization amounts due on the loans that India can obtain from the International Bank, India can get the capital she requires at once; and England will get enough time to liquidate her sterling balances, as the amortization period will extend over a period of at least twenty years. I am not suggesting that this arrangement will enable India to obtain all the capital she requires, nor give her possession of her entire sterling balances within a period of 3 or 4 years after the termination of hostilities; or it is not likely that India will be able to obtain a loan of 3000 to 4000 million dollars all at once and there will be other pressing claims on the resources of the International Bank. But I see no reason why India should not be able to get 400 to 500 million dollars of American currency in the first three or four years of the post-war period; simultaneously I think it would be possible for her to get an equivalent, if not a larger amount, of sterling currency; and the two in combination should help us considerably in financing our immediate post-war requirements of capital goods from abroad. In fact, with the exclusion of war-time balances from the operation of the International Monetary Fund and with the transitional clause in the International Monetary Fund which will give freedom to England from multilateral conversion even of the sterling acquired by current transactions, it is going to be a very difficult thing for India to get non-sterling currency, while even the sterling currency she will get would be limited to her current trade balance except to the extent it is supplemented by an agreed programme of liquidation of war-time balances. The International Bank offers India a way out of these difficulties. On the one hand, India need not insist in her bilateral negotiations with the United Kingdom upon the immediate convertibility of her sterling balances into other currencies; to the extent that she can obtain an immediate

dollar loan either directly from the International Bank or through its guarantee, she can ask the United Kingdom to pay the amortization dues; and as this will be spread over a long period, there should be no reasonable objection on the part of the United Kingdom to do so; having thus relieved the United Kingdom from any immediate demand for conversion of her sterling balances into other currencies, it would be fair to expect her to agree to a substantial release of these balances for being spent within the sterling bloc itself; this will enable India to place orders for capital goods and, if necessary, consumer goods within the United Kingdom and other sterling areas to the extent that she needs in the immediate post-war period. It will be seen, therefore, that the machinery of the International Bank could be most useful to India for getting a part at any rate of her sterling balances liquidated in the immediate post-war period; and to this extent offsetting the disadvantages occurring to India by the exclusion of war-time balances from the International Monetary Fund.

To conclude, therefore, prices in India have risen during this war to an extent of nearly 150% above those that prevailed before the war. This rise is not only steep in itself but is also much higher than the rise which has taken place in other countries. The purchasing power of the rupee has thus fallen not only absolutely but also relatively in terms of the purchasing powers of other currencies. At the same time, the country has built up a large stock of sterling balances which makes the technical position of its currency particularly strong as regards its exchange value. India's currency position, therefore, presents the complex position of providing at one and the same time arguments in favour both of appreciation and de-valuation. My own conclusion is that no change should be made in the exchange value of the rupee either in the direction of appreciation or de-valuation in the immediate post-war period. At the same time, I am not in favour of accepting the present rate as a permanent post-war rate and would like to reserve to the country freedom to fix a new exchange rate as soon as relevant data concerning long period stabilization are more readily available to the country. As regards the relation of India's currency to world monetary plans, I believe, India should favour the creation of an international currency organization; but it is essential that India should be given a permanent seat on the executive of such an organization, so that she may be able to influence world currency policy with a view to safeguarding the interests of both agricultural and backward economies. It is also essential that arrangements should be made for the orderly liquidation of her sterling balances preferably through the international currency organization; if that were not possible, any bilateral negotiations that may take place between India and the United Kingdom for the liquidation of her sterling balances should take due note of the import requirements of India, both in respect of capital and consumer goods in the post-war period. Arrangements should also be made for the country obtaining a sufficient amount of dollars and other non-sterling currencies, either directly through the United Kingdom or by loan from the proposed International Bank on the security of her sterling balances, amortization charges being paid by the United Kingdom.

<sup>1</sup> A paper submitted to the Pacific Relations Conference 1945 through the Indian Council of world Affairs.

<sup>2</sup> Full credit must be given to the Minority Report of the Committee signed by Sir Dadiba Dalal which pressed for the retention of the pre-war rate of 1 sh. 4d. gold.

<sup>3</sup> In this paragraph the figures for 1944-45 relate to the period ending 1944.

<sup>4</sup> See V.K.R.V. Rao, *India and International Currency Plans*, S. Chand & Coy. Delhi, 1944 for details on this subject.

# THE FUTURE OF DEPENDENT ECONOMIES (WITH SPECIAL REFERENCE TO SOUTH-EAST ASIA)

By THE RESEARCH STAFF OF GOKHALE INSTITUTE OF POLITICS AND ECONOMICS

## I. ECONOMICALLY BACKWARD AREAS

Economic inequality in the international sphere is a fact that is hardly disputable. The contrast between the wealth and affluence of some of the Western European countries and the crushing poverty of the countries in South-East Asia and Africa is too glaring to be ignored. There is also general agreement as regards the fact that this inequality among the various countries of the world has been progressively rendered acute since the Industrial Revolution, i.e., roughly since the beginning of the 19th century. Though this century was one of stupendous progress in the production of wealth and though during this period the total wealth of the world, and not only the wealth of the Western countries, has increased enormously, an overwhelming part of this additional wealth has accrued to a small part of the world. 'In effect, today, the United States, Great Britain, France and Germany, representing 13 per cent of the world's population, own almost 50 per cent of the world's goods, and more than two-thirds of the world's income are reserved for less than one-third of the world's population; i.e., 29 per cent own more than two-thirds of the total wealth of the world.'<sup>1</sup>

The consequences of this state of affairs have been both varied and extensive. They were more pointedly brought out during the world depression of the thirties and have since remained in the foreground of social and economic discussion. The economically backward areas of the world, though overwhelmingly agriculturist and poverty-ridden, have yet served a distinct purpose in the maintenance of the world's economic balance during this period. As suppliers of raw materials and buyers of manufactured articles they were economically complementary to the highly developed industrialized areas of the globe. Economic thought during the thirties has been significantly moving towards the conclusion that the economic prosperity of the world could only be maintained upon the continuous prosperity of these backward

### 36 RESEARCH STAFF OF GOKHALE INSTITUTE

areas. Thus Colin Clark, after a painstaking though not a flawless study of the prospect of post-war economic conditions up to 1960, came to the conclusion that, during this period, 'the whole equilibrium depends on the economic development of the Asiatic countries, particularly India and China, and their emergence as consumers of food-stuffs and importers of capital.' 'Asia,' he continues, 'will absorb a capital inflow of 159 millions I. U. between 1945 and 1960. No doubt there will be many demands on the part of real or supposed sectional interests to impede this flow. But those who do so should consider that, even if they ignore the effects on the Asiatic countries, the turning back of this vast stream of potential savings into Europe and America will promote unemployment and trade depression on a scale that scarcely bears contemplation.'<sup>2</sup>

The point need not be laboured further. Granted the economic rehabilitation of the backward areas of the world as a prominent feature of world or international economic policy in the post-war period, what would be the appropriate policies for its achievement? To answer this question it is necessary to analyse the causes of the present international economic inequality and the way along which it can be tackled. This would of course naturally lead to the new proposals that are being put forward in this connexion and an appraisal of their potentialities for solving these problems. These will occupy us during the rest of this memorandum.

#### II. HOW THE ECONOMICALLY BACKWARD AREAS EMERGED

The main economically backward areas of the world fall into three broad groups—(1) South East Asia: India, China, Burma, Ceylon, Malaya, Indo-China and the Dutch East Indies; (2) Africa—the colonial areas; (3) West Indies. The first contains nearly half of the world's population and in this memorandum we shall mainly confine ourselves to this land block. There is, however, a great deal of similarity in the economic developments in all the three groups. Except for India, China and Burma, they are mostly colonial areas. Almost all of them are politically controlled by foreigners. Though this might not be strictly true of China, for all practical purposes, that country's policies have been dominated and influenced by foreigners. Most of them came under the domination of Western Powers at the beginning or the middle of the 19th century, and since then their economic, social and political development has been overwhelmingly dominated by this political fact. Of course the developments were not uniform in all of them. The effects on the highly developed pre-industrial economies of China and India were rather different from those on the mediaeval and tribal economies in other countries in this group.

The Western Powers came to control these countries politically, mostly because of their superior might resulting from their highly developed industrial structure. The South-East-Asia countries were predominantly agricultural communities and most of them were in the primitive stages of economic development. India and China were somewhat more developed. Yet, as compared with the Western Powers that came to control them, they represented an in-

ferior economic organization and technique. The Western Powers were the pioneers of the Industrial Revolution and the economic consequences of their political dominance over the South-East-Asia countries were mainly those that flowed from the impact of the Industrial Revolution, that came along with Western domination, on these countries.

In the initial stages, India and the Dutch East Indies were acquired and ruled by commercial companies in the metropolitan countries and only at a later stage were these territories taken over by their respective governments. The other territories were more directly acquired by the colonial powers. Yet in almost all cases the economic development was mainly fostered along the old mercantilist lines. These territories were accordingly developed to subserve the prosperity and the glory of the metropolitan countries. These territories or colonies were to be 'counterparts to the metropole', as the French used to express it. In effect this meant that they were to serve as sources of raw materials to, and as the buyers of manufactured goods from, the metropolitan countries. The development of the areas as sources of raw materials was an important instrument of achieving economic self-sufficiency of the Empires of metropolitan countries; for self-sufficiency was the main stay of military strength and therefore of power in international politics. With this end in view, the metropolitan powers undertook the development of these areas. They opened up the country by constructing roads and railways and by developing the harbours. They also began to develop the mineral resources of these regions. They introduced and undertook the cultivation of crops, etc., that were not originally cultivated in these territories but were badly required for the metropolitan countries. Cotton, rubber, jute, tea, coffee are only some of the prominent examples. This endeavour took various forms. In India, for instance, the inducement of high prices accompanied by some government effort, brought about the change-over to commercial crops like cotton and jute. In the case of tea, coffee, sugarcane and particularly rubber, the development was undertaken more directly by the foreign overlords through the starting of plantations mostly with European capital and enterprise. The cultivation of crops for export or commercial crops was also encouraged by the introduction of money economy. The levying of a money tax on the natives meant for the native the cultivation of some crops that would bring him the requisite return in money and only the cultivation of commercial crops for export could do it. The effects of this development on the indigenous agrarian economy were far-reaching. In the first instance, the old agrarian economy in these lands was disrupted and broken. The development of agriculture with a view to export deranged the old economic equilibrium. Commercial crops came to occupy a crucial position in these economies and their prosperity became inextricably bound up with the fluctuations in the prices of these commodities in the international market. Many of them became importers of food-stuffs. Their economy came to be dominated by a few commercial crops, in most cases one or two.

Another aspect of the same development was the importation of cheap machine-made goods from the factories of the metropolitan countries. Al-

most the first consequence of these imports was the decline of indigenous handicrafts. This rendered a significant part of the population in these lands unemployed. The development of large-scale industries was, in the first instance, prevented, as, according to the mercantilist notions, they might compete with the industries of the metropolitan countries. Later on, even under the regime of *laissez faire* which conferred all the advantages on highly industrialized metropolitan countries, there could not be any considerable growth of industries in these lands. Thus the unemployed artisans could not be absorbed in industries and they had to fall back on land for their sustenance.

No doubt the influx of European capital and enterprise in these countries meant an increase of wealth all round but a larger part of the profits arising therefrom went to the foreigners. Moreover the growth of population ate up whatever little increase had occurred. The opening of these countries to Western influence and culture led to the break-up of the old social system. But the discarded old was not replaced by anything new. The old checks on population growth disappeared. The establishment of law and order by the metropolitan powers eliminated wars and feuds. The result was a rapid growth of population. But this in its turn meant a growing dependence on land which in its turn increased poverty still more. The above account would show how the present lop-sided economic development of these countries came about. Their position as producers of primary commodities and their consequent dependence on exports and a rapidly growing population mostly explain their present poverty. Since the middle of the 19th century to 1914, the terms of trade have been moving in favour of manufacturing countries with contrary movements in 1870's and a stationary period between 1900 and 1914. For the last 20 years, the ratio of the prices of primary to manufactured commodities is becoming more and more unfavourable. This, together with the large and prolonged fluctuations of the prices of primary commodities, has made the position still worse. It has been the general experience that the economic depressions are more prolonged and severe in these countries than in the industrialized countries of the West. The one-sided development of their economics has rendered them most sensitive to business cycles.

If the problems are viewed in the round, the prominent cause of this development appears to be the impact of the Industrial Revolution. The most important and significant fact, however, that has been even today scarcely realized, is that these areas were bearing the costs of transition of the revolution in the technique of production, known as the Industrial Revolution, in the metropolitan countries. When an economy moves from a technique of production to a higher and more developed one, the transition takes place at some cost to the economy. These costs usually manifest themselves in the form of the unemployment of capital and labour engaged in the older processes of production. In the Western countries, and particularly in England, the rise and development of large-scale industry was so rapid that the labour and capital rendered unemployed by the older processes of production were almost immediately absorbed by the new industries. The costs of transition, if any,

were slightly felt in these countries and the economic progress in these countries was the more rapid for this. Though this made the Western thinkers blind to the costs of transition for a very long time, the actual costs were there all the same. Only they were borne in the far-away lands of India and China. It was in these countries that occurred the large-scale unemployment of capital and labour engaged in the older handicrafts as a result of the impact of the Industrial Revolution in the metropolitan countries. Once this is realized, no elaborate argument is needed to arrive at the conclusion that the highly developed industrial structure of the Western economy and its consequent prosperity rested primarily on the hardships inflicted on these areas. The Western countries gained both ways, because, while they were in a position to 'export' to these lands all the costs of transition, they could 'import' all the profits arising therefrom. The prosperity of the Western countries was thus made possible by the sacrifice undergone by these colonial and dependent areas in their being developed as complementary economies to those of the metropolitan countries. The writers and thinkers of the West have always failed to realize this; though today they talk readily enough of the cost of transition borne by Western countries because of the industrialization of the Eastern lands.

### III. ECONOMIC STAKE OF WESTERN POWERS IN THESE AREAS

The importance of the colonies and dependent areas in the economic life of the metropolitan countries springs from four factors: (1) sources of raw materials, (2) field of investment, (3) markets, (4) strategical position. It has been argued that, on all the first three counts, the colonies and dependent areas do not confer any special advantages on the metropolitan countries. This case has been answered and refuted many times and need not detain us here. We proceed to indicate the magnitude and nature of the economic interests of metropolitan countries in each of these areas.<sup>3</sup>

*Netherlands East Indies:* The total population is 70 million. In 1939 it accounted for more than 1/3 of world's total exports of rubber, over 1/3 of tin, and 9/10 of the production of cinchona bark. They also produce significant quantities of spices, kapok, sisal, cane sugar, tea, palm-oil products, petroleum and bauxite. Of the total investment of \$ 226 crores, \$ 157 crores or 70 per cent are held by the Dutch. In 1939, the annual return on these investments in the Indies was estimated at \$ 12·7 crores.

During 1936-39, the Indies bought 9 per cent of Dutch exports and supplied more than 7 per cent of Dutch imports. In 1939, 49 per cent of the tonnage of all steam and motor vessels reaching Indies ports from abroad carried the Netherlands flag.

In 1930, a Dutch newspaper estimated that about 80,000 persons were directly or indirectly employed in home industries exporting to the Indies, that the Netherlands received \$ 16 crores in annual profits from the islands, that 80,000 more persons were employed in consuming these profits and that the Indies were a matter of livelihood for about 4 lakhs of Netherlanders (i.e., nearly 6 per cent of the total population).

## 40 RESEARCH STAFF OF GOKHALE INSTITUTE

*Indo-China*: It has a population of 23 million. The most important product was rice which made up 40 per cent of its sales abroad. It also produced rubber and anthracite coal. Of the total investments of \$ 38.4 crores in 1938 nearly 97 per cent were owned by the French. Profits on these averaged 7 per cent during 1934-37.

During 1936-38 France accounted for 53.3 per cent of Indo-China's imports for consumption and 49.7 per cent of its domestic exports.

It was important as a strategic military base. In the war of 1914, it served as an important source of French war-time supplies and was only second to West Africa.

*Malaya*: It has a population of about 5 million. The two most important of its products are rubber and tin. It produces 46 per cent of the total world supply of rubber and 31 per cent of the world's tin.

Of the total investments of \$ 45 crores nearly 70 per cent were owned by the British.

During 1937-39, 16 per cent of its total imports came from the U. K. and less than 12 per cent of its exports went to the U. K. Nearly 39 per cent of the exports went to the U. S. A. The latter is of very great significance as the dollars made available to British firms, through American purchases of Malayan rubber and tin, have been particularly useful to the U. K.

The strategic significance of Singapore hardly needs emphasis.

*Burma*: It has a population of 16 million. Its chief products are rice, petroleum, teak wood, precious stones, metallic ores, including tin, lead, silver, tungsten, and nickel.

Total foreign investments were estimated at \$ 23 crores in 1939 and 90 per cent of these were British or British controlled. The annual profits on these have averaged between \$ 4 crores and \$ 4.8 crores.

In 1937-38, 14 per cent of Burma's exports went to the U. K. while 20 per cent of its imports came from the U. K.

Burma occupies an important strategic position in the defences of Britain's Far Eastern Empire.

*China*: The population of the country is estimated to be 450 million.

It produces 1/2 of the world's total output of tungsten and antimony and 12 per cent of world's cotton. As a silk producer it is only second to Japan. It has rich coal and iron resources.

Of the total imports in 1936, 20 per cent came from the U. S. A., 16 per cent each from Germany and Japan, 12 per cent from the U. K. In the same year 31 per cent of the total exports went to the British Empire, 26 per cent to the U. S. A. and 14 per cent to Japan.

In 1931, foreign investments in China were estimated at \$ 500 million. Of these 49 per cent were British, 24 per cent Japanese and 8 per cent each American and Dutch.

*India*: The population is 388 million. It produces 55 per cent of the total world supply of groundnuts, 16 per cent of cotton and 14 per cent of manganese. It is almost the sole producer of jute in the world.

During 1937-38, India bought 30 per cent of its imports from the U. K. In the same period, 33 per cent of its exports went to the United Kingdom.

During the war, the British debts in India have been extinguished. India has become the creditor of England.

The strategic importance of India can be hardly exaggerated. India has contributed materially to the war efforts of the U. K. in both the world wars.

#### IV. LESSONS OF THE GREAT DEPRESSION

The disastrous consequences of the unbalanced and lopsided colonial and dependent economies came to the forefront in a startling manner during the great depression of the thirties. As has been noted previously, the economic well-being of many of the colonies depended in a very precarious manner upon the export of certain primary commodities. An expanding and free international trade was thus the basic essential of their economic stability. The severe depression in the prices of primary commodities during the depression and the shrinking volume of international trade cut at the very basis of economic stability in these regions. The colonial areas found their exports dwindling both in value and quantum. This was reflected in the shrinkage of incomes and the increase of poverty. Under this strain the financial position of many a colonial government became precarious and not a few collapsed utterly, particularly in the East Indies. As soon as the channels of international trade ceased to be free and as soon as international trade was at a low ebb, the colonial economies were found unequal to the task of coping with the new situation. Then only did the metropolitan powers realize the truth that after all something was wrong with their colonial policies. Their policies in consequence came under revision.

(To be continued)

<sup>1</sup> Development of Economically Backward Areas, by Dr. P. N. Rosenstein, *International Affairs*, Vol. XX, No. 2, April 1944.

<sup>2</sup> *Economies of 1960, 1942*, P. 113. Similar conclusions have been reached by others. Of *World Economic Development*, Staley, I.L.O., 1944.

<sup>3</sup> Most of this information has been taken from "Independence for Colonial Asia - The cost to the Western World", by L. K. Rosinger, Foreign Policy Reports, February 1944.

## THE WAR IN THE PACIFIC

By CHEN HAN-SENG

THREE YEARS ago on December 7th, the armed forces of Japan made a sudden attack on Pearl Harbour, Manila, Hongkong and Singapore. At once huge new territories, together with their adjacent waters, were involved in war. The immense area stretching from the shores of America to the Bay of Bengal, and from Alaska to the shores of Australia became a vast new theatre of military operations—the Pacific Theatre.

Japan had made careful military preparations for this surprise attack. The Japanese Command had secretly concentrated in Indo-China and on the is-

lands of Formosa and Hainan more than half a million troops, well supplied with technical fighting equipment. These troops were covered by some 2,000 aeroplanes and the greater part of the Japanese navy, which, by this time, was already stationed in the waters of the South China Seas. The Japanese ability to concentrate in advance huge forces, three to four times as large as those of the Anglo-Americans, gave them a tremendous advantage in the initial stage of the battle.

Now, as the war in the Pacific enters its fourth year, we can see that it has passed through four distinct stages. The first stage, which lasted approximately until the spring of 1942, was marked by the violent offensive of the Japanese armies. Realizing the potential might of the United States and Great Britain, the Japanese Command planned a speedy campaign, hoping to gain victory before Allied potential strength could be converted into action. Taking full advantage of the military situation, the Japanese advanced simultaneously in several directions and occupied vast territories. This first stage in the Pacific war was a period of striking military success for the Japanese armed forces.

But in concentrating on the Time factor in war, the Japanese neglected the Space factor, and this upset their calculations. It was precisely in the vast extent of the territories successfully occupied that there lurked serious difficulties,—difficulties which overstrained Japanese resources and weakened their fighting strength. Troops had been removed far from their original bases. As a result the Japanese navy had to combine fighting with the protection of troops and supply convoys, and, at the same time, it had to keep open the widely extended but vital lines of communication. Meanwhile, the effect of the initial element of surprise gradually disappeared, while Allied strength steadily increased. The Japanese offensive slowed down as the curtain went up for the second act.

The second stage lasted until August 1942. In this period the Japanese had not yet adopted a defensive strategy on all fronts. They took the offensive in several sectors in the belief that these operations might help to improve the positions already occupied. The two most famous battles were fought in the waters adjacent to Australia and in the Central Pacific. On both occasions, the battle of the Coral Sea and the battle off Midway Island, the Japanese were beaten; and after having suffered heavy losses the Japanese naval squadron was forced to withdraw to its home shores. Japanese troops could no longer carry out their tasks as easily as before. At the same time the Anglo-American forces remained on the defensive, but utilized the continued lull on their fronts to gather strength for the impending counter-offensives.

The Allied counter-offensive in the Solomons, representing our first successful attempt to recapture Pacific territories, marked the beginning of the third stage of the war. The year of armed clashes in the Solomons resulted in the enemy's withdrawal to the north and our recovery of several important bases. In November 1943 Allied forces landed in the Gilbert Islands. Our consolidation of these islands gave us the power to intercept the enemy's lines of communication leading to New Britain, New Guinea and Truk, and to isolate

these important Japanese bases. Slowly, the situation in the south-western and central areas of the Pacific began to favour the Allies.

The American landings in Leyte, Samar and Mindoro usher in the fourth stage of the struggle. The battle centre has shifted from the islands off northern Australia to the Philippines, and, for the first time, the connexion between the battle in the Pacific and the battle on the Asiatic continent is crystal clear. Japan has always planned to make Manchuria and the seaboard of China into Japanese military and naval bases for their attempt at world conquest. To the Japanese Fascists and Imperialists, the battle for Asia is the battle for the world. Count Okuma said in 1915: 'In the middle of the 20th century Japan will meet Europe on the plains of Asia and wrest from her the mastery of the world.' Decisive and final defeat of the Japanese aggressors must inevitably involve Allied victory not only in the Pacific but also in China.

What exactly have the Japanese attained on the Continent in the course of the war? The military operations started by the Japanese against the Chinese people have continued for over thirteen years. Japan's hope of a speedy termination of the war in China has not materialized, and more than a million Japanese troops are still tied up on this front. Although recent Japanese campaigns in the south-west Chinese provinces have met with apparent successes, the invaders are fast losing ground in North China. Many districts have been retaken from the Japanese troops, and right in the midst of occupied areas anti-Japanese bases have been and are being built up. The Japanese invasion of India also proved a failure while their position in Upper Burma is becoming untenable.

The successes of the Allies, both in the Pacific and in China, are not accidental. They are the logical outcome of the general political situation which is now increasingly clear. The Japanese and their puppets in occupied regions cannot deceive the peoples of Asia by empty slogans such as 'co-prosperity' and 'national freedom.' These peoples now know very well that 'co-prosperity' only means Japanese prosperity and 'national freedom' only means a false promise to induce them to become coolies and cannon fodder. There is not a single race in occupied Asia which does not cherish the hope of Japanese defeat.

This is reflected in the Japanese Press and broadcasts. Laurel on September 13th, 1944, issued an order conscripting Filipinos for active service to help the Japanese Forces, but Koiso, the Japanese Premier, in his Osaka speech on October 31st, indicated that the Japanese did not trust the Filipinos enough to arm them. Instead he declared: 'They (the Filipinos) are inadequately armed and as yet unable to defend themselves. They therefore fully appreciated our Forces acting as sincere protectors of the Philippines.' General Mateo Capinpin, Chairman of the Amnesty Board, advised the Filipinos 'to keep calm in the face of the present conflict, doing their usual work and pursuing their normal activities. Not being asked to participate in the war as combatants, they could only stand by. But theirs is as difficult a task as that of the men on the front and equally efficacious, for, "they also serve

who only stand and wait." In fact the guerillas in the Philippines have never stopped their anti-Japanese activities. Tokyo admitted that Samar and Leyte were the last islands 'to become free from disturbances.' General MacArthur in his special communique also disclosed the work done in these places by guerillas. A weak radio signal from the island of Panay was heard in the autumn of 1942 and helped the anti-Japanese forces in the Philippines. At the same time as the Americans landed in Mindoro, one of the larger islands about 75 miles south of Manila, guerilla forces launched an aggressive offensive in Mindanao, Panay, Negros, Cebu, Bohol and Sulu islands. They liberated many villages and captured airfields. They also besieged the Japanese throughout western Visaya.

The puppet regimes in China are obviously none too stable. Some leading Japanese have realized this and are far from satisfied with the situation. They know that the people of the occupied areas do not want to co-operate with the puppet officials. Masatsume Ogura, the Supreme Economic Adviser to the Nanking Regime, in his Press interview in Peiping on May 24th, 1944, said: 'It is very difficult to achieve the full co-operation and close relation between officials and the general public in China, for the Chinese people have recently been treating the administration and the national economy differently from the way they did in the old days.' The administration referred to here is the puppet one, and the so-called national economy is of course imposed by the Japanese.

Only six months after the Japanese military campaign in Honan in April, 1944, Chinese guerilla bases were established in that province. The first base is the area south-east of the Peiping-Hankow and the Lunghai Railways' junction. The second is located along the southern section of the Peiping-Hankow Railway, from Chueshan to Hsingyang, and stretching in the west to the Tung Pei Mountains. The third base is in the Fu Nui Mountains, about 100 miles southwest of the junction of the Peiping-Hankow Railway and the Lunghai Railway. Here, on both sides of the railway line, the guerillas are raiding the Japanese night and day. In the south-west and south-east corners of the province, Red Spear Societies are formed by the people who are ready to strike at the enemy at any time. These societies are the militia organization of the well-to-do landlords. In the past they used long spears with red tassels, hence the name. At present only those who can provide their own rifles are eligible for membership.

Guerilla warfare started and developed in Hunan, in the midst of the Yangtze Valley, less than four months after the Japanese capture of Changsha. Here also three main bases have been established. The first is located north of the Tung Ting Lake, north of Changsha. The second is to the north-east of Changsha, round such strategic districts as Pingkiang and Liuyang. The third is being built up in southern Hunan, from Hengyang down to the Hunan-Kwangsi border. These more recently developed guerilla areas will follow the example of the anti-Japanese bases established in Shansi, Hopeh, Chahar, Shantung, and Kiangsu by delivering counter offensives, both military and economic, against the enemy. As in North China, the Chinese fighters in the

South will disrupt the Japanese plans of exploitation and conquest. To this day, although Japan controls the main communication lines in the invaded areas, she has not succeeded in taking over the countryside as a whole. In consequence, she has not been able to exploit China to the full or crush the patriotic spirit of the people in many areas cut off from Chungking. These factors have been of the greatest significance in China's continued resistance.

After the Japanese Forces in Kwangsi and Indo-China had joined hands on December 10th, 1944, Japanese propaganda boosted the idea of a trans-continental railway from Tokyo to Singapore. This, they guaranteed, would be ready in one year. There are, however, many serious difficulties confronting the completion of this railway, and, even after its completion, it could not be kept in operation. From Anyang to Hsinhsiang, in northern Honan; from Sinyang in southern Honan to Huayuan in northern Hupeh; and from Tungshan in eastern Hupeh to Siangtan in northern Hunan, the rail-beds, some 300 kilometres long, have been partially destroyed in some places and totally levelled in others. In many localities Chinese peasants have raised crops where the rail-beds once used to be. From the border of Indo-China to the city of Nanning, the important communication centre in south-western Kwangsi, the railway tracks have not yet been laid. The highway covering this section, almost parallel to the planned railway, has been destroyed by the Chinese; some 180 bridges have been blown up and many mines have been laid on the road. Japanese engineers are trying to reopen the highway, but it will be some time before the task is achieved. Even then Chinese guerillas will still be able to carry out demolition work along this road.

The Japanese Fascists are apparently worried. All important diplomatic personnel accredited to the puppet regimes in China were called back to Tokyo, where on December 16th a 'conference of diplomatic representatives' was held. At these meetings Tani, the Ambassador to Nanking; Kusumoto, the Minister to Peking; Tsuchida, the Minister to Shanghai; Tashiro, the Minister to Canton; Hachisato, the Minister to Kalgan; and Haruhiko Nishi, the Minister Plenipotentiary to 'Manchoukuo', discussed with Mamoru Shigemitsu, the Minister of Foreign Affairs and concurrently Minister of Great East Asia Affairs, the recent developments and problems in the occupied areas in China. As could be expected the high puppet officials from Nanking were also present in Tokyo at the same time. Chen Kung-po, the Acting Chairman of the puppet Nanking regime, Chu Min-yi, the puppet Foreign Minister; Hsiao Shu-hsuan, the Chairman of the puppet military affairs committee; Lin Po-sheng, the then puppet Minister of Information; and Tsai Pei, the puppet Ambassador to Tokyo, must also have been summoned in connection with the same conference. Apparently the Japanese want to devise a coherent and effective plan for turning China into a springboard to maintain their maritime conquest, or at least into a huge base for their military defence.

Japan's hopes for Chinese co-operation will come to nothing. Japan's hopes for the weakening of the United States and Great Britain by Germany have already been dashed to the ground. Our counter-attacks against Japan and our recovery of lost territories form an offensive which is daily acquiring

momentum, and the Japanese aggressors will soon be completely defeated. But in order to free the world from the greatest menace that civilization has faced since the days of Chenghiz Khan and Timurlane, one fact must not be forgotten. The War in the Pacific will not be won until final victory is achieved both on sea and on land. If the Japanese are allowed to remain in China, the war will be prolonged, or there will be another war of Japanese aggression backed by more man-power and material resources. Anthony Eden said in the House of Commons on December 20th, 1944: 'The complete defeat of Japan and liberation of China are being hastened by the blows dealt at the common enemy by the forces under the command of Admiral Mountbatten in Burma and those under the command of Admiral Nimitz and General MacArthur in the Pacific.' He, too, realizes that Japan must be defeated not only on the sea but on the land as well. An even clearer and more explicit expression of this idea is to be found in the recent resolution by the Canadian Congress of Labour, representing 700,000 Canadian unionists. It was passed at the annual session held in Quebec City on October 20th, and declared: 'In Asia we face a strong enemy. Japan is a continental power. She controls huge continental areas of the Asiatic mainland. While the naval assault must be pressed, the enemy cannot be defeated on the seas alone. He must be dislodged from the continent.' The ultimate victory of the Pacific War depends on our land campaign in collaboration with our naval operations in the China Sea.

## PROSPECTS OF TRADE BETWEEN INDIA AND AUSTRALIA<sup>1</sup>

*By T. K. CRITCHLEY*

THE SUBJECT of this paper provides considerable scope for imagination. It is now so long since trade was conducted on what we might term a normal basis and there have been in the intervening period so many special war-time influences affecting the course and nature of trade between Australia and India that it is impossible to consider post-war prospects without considerable speculation.

The subject is none the less important. Before I left Australia I was impressed with the awakening interest of businessmen and the public generally in India and in the prospects of better commercial relations. I feel that if Australians can evince such an increased interest, it is most probable that the people of India, too, will be increasingly concerned with developments in Australia. Furthermore, while it is true that the subject is speculative there

<sup>1</sup> An address delivered in New Delhi on 9th December 1944 at a meeting of the Indian Council of World Affairs. Sir Ivan Mackay presided.

are a number of factors affecting trade which can be analysed and are well worth discussing.

In dealing with trade prospects there are two important groups of factors to consider—firstly, the normal trends in trade prior to the war, and secondly the special factors which have arisen during the war or will arise because of the war. I shall endeavour to analyse these in general terms and, since most of you are better acquainted with the Indian situation than I could hope to be, I shall pay special attention to what I presume is your main interest, the Australian aspects.

Beginning with the trends prior to the war, it is important to have a general picture of the trade between the two countries.

In 1939-40, India's exports from Australia were valued at approximately 2·4 crores and constituted 2·6% of India's total imports. Important items in the trade were: wheat, horses, liquors, fruits and vegetables, machinery, steel, zinc (unwrought), biscuits, cakes, butter, cheese, canned goods (excluding butter and cheese), milk foods, jams and jellies, tallow and sterine, raw wool and vehicles and parts. Of these the most important were: wheat (46% of the total), raw wool (15% of the total), unwrought zinc (11% of the total), horses (9%), sterine (7%) and steel (4%).

Foodstuffs and raw materials were clearly the basis of the trade.

In 1938-39, Indian exports to Australia amounted to 2·97 crores—2% of Australia's total imports. Major items were coffee, coir goods, tanning material, cachew nuts, grain and pulses, goat-skins, lac, kapok, mica, oils, oil-seeds, tea, textiles, raw cotton, cotton waste, cotton manufactures, raw jute, jute manufactures and carpets. Jute manufactures were by far the most important item and provided for 67% of the total. The other major items were: oilseeds (10%) and goat-skins (6%).

This is the static picture. Looking at the trends of trade which are the most important from the point of view of this paper, we find in the years before the war a marked expansion in Australia's trade with India. For example, between 1935-36 and 1938-39 exports to India, as a percentage of total Australian exports, increased from 0·7% to 1·4%, i.e., the percentage doubled.

In the same way Australia's imports from India, which in 1937-38 were 1·9% of its total imports, increased to 2% in 1938-39 and in 1939-40 jumped up to 4·9%. Even this high 1939-40 percentage has been nearly doubled during the war and would be much greater were it not for the substantial quantities of goods which Australia has been receiving from the United States under the Lease-Lend.

We may conclude that trade between the two countries is small, but by no means insignificant. India has a favourable balance of trade, i.e., exports to Australia are greater than imports from that country, but the margin of excess was growing smaller before the war. What is most significant, Australia's trade with India was increasing. To some extent, this may have been due to increasing national incomes and to the changing national economies of the two countries. Largely, however, it seems to reflect the in-

creased awareness of both India and Australia that geographically they are neighbours and that economically there are unexplored trade potentialities.

We can now turn to war-time developments. Here, unfortunately, we run up against a major difficulty. The trade figures for the war years are secret and consequently any analysis must be based upon very broad principles, unaided by statistics.

We do know that in war-time the volume and nature of trade has been affected in a variety of ways. The major influences have been the need to conserve shipping, the reorganization of the internal economies of all countries affected by the war, the new and special demands on trade to meet defence requirements, and the complete cessation of trade with enemy countries. These influences have given rise to a completely new pattern of trade and these complications of war have been reflected in a complex administrative machinery to control and direct trade in war-time, such as the import-licensing system which has been developed in both countries.

But while the effect of these influences has in the short term appeared disruptive and restrictive, it can, I believe, be justly claimed to foster the trade relations between India and Australia. These various influences have brought the countries closer together. Each has learnt a good deal more of the industrial capacities and the trade potentialities of the other and each has been given an opportunity to test the other's products.

Dealing with the first factor, the need to conserve shipping, we find that the shortage of shipping space and shipping priorities dictated by the war have prevented India from obtaining many goods from the normal United Kingdom and European sources of supply. Redirection of the movements of goods so as to limit as far as possible the distance goods have to be carried irrespective of old habits of trading has meant that Australia and India have become increasingly dependent on one another since the outbreak of war.

The reorganization of economies as a result of the war has been another factor which has redirected trade. All countries have been obliged to make far-reaching changes in their organization of resources so as to give special priorities to war demands. In Australia, for example, production of goods which are considered unessential to a war economy has been curtailed as far as possible. This need to conserve materials and man-power for war purposes, together with the necessity of providing fully for our own forces, has curtailed the quantity of goods Australia can supply to India and other Eastern Group countries. The demands of war and shipping shortage have no doubt limited the supplies India has been able to send to Australia.

But while it is true that neither Australia nor India has been prepared to permit trade development to affect the intensity of their war efforts, the organization of war economies is certainly not detrimental to the future trade. In the first place, demands for small quantities of goods have been made on Australia to take the place of supplies which cannot be provided by other countries such as war-time Britain. In response to these demands, Australia has been able to make only a token contribution, but it is none the less important.

For example, shipments of Scotch whiskey to India have had to be curtailed, and some small quantities of Australian whiskey have been imported.

Another war-time factor of considerable importance has been the development of new industries in both Australia and India. A new pattern has been woven into Australia's industrial fabric. From a country in which engineering has hitherto played a minor rôle come munitions which are not only supplying most of the requirements of the Australian Forces, but are also making some contribution to the American, British, Indian, New Zealand, Dutch and French Forces. It would be absurd to compare Australia's engineering capacity with that of the advanced industrial countries such as Britain and America; but in Australia, just as in India, engineering capacity has developed out of all recognition during the war and these developments in both countries should have an important influence on peace-time commerce.

In Australia, as in India, the general expansion of manufacturing has embraced both the quantity and the variety of production. Munitions and other industries called into being because of the difficulty of obtaining supplies overseas will at the termination of the war have surplus production available for export. And for some of the commodities India may prove a market. Agricultural machinery is an important example. Already Australia's war-time food programme has required some transfer of production from munitions to agricultural machinery. Other items include plastic equipment, machine-tools, electric equipment of all kinds from large transformers down to small wall switches, and diesel engines.

Consideration of the reorganization of economies during the war gives me an opportunity to stress a most important influence on Australia's post-war trade, i.e., the sound control which has been exercised over the Australian price structure. Price control was among the first Australian war-time controls. In the early stages it followed a conventional pattern, but last year a new scheme was introduced which goes further than any price control scheme in other democratic countries. As from April 1943, the prices of all commodities were fixed by a blanket regulation prohibiting any increase in price. At the same time wages were pegged at the rate existing at that time. Since then, save for a few very insignificant and minor items, prices have remained stationary. Where costs have increased for reasons outside the manufacturer's control, for example, as a result of higher priced imports, the manufacturer makes a claim for a Government subsidy. If it can be shown that his production is essential to the war effort, that he is not making unnecessarily high profits and that his firm and the industry in which his firm is operating are efficiently organized, the Treasury meets his increased costs out of public funds. If he fails to satisfy the authorities on any of these four counts, he has to bear the increased costs himself or cease production. The result of this policy has been that Australia has withstood the ravages of war-time inflation as well as any other country.

According to index numbers of the League of Nations, the cost of living in Australia has been more stable than in any other country for which figures are quoted. A few comparisons are interesting. On a 1939 base of 100 the cost of

living in Australia had only risen to 110 in May 1944. On the same base, figures for other countries were:

South Africa ..	..	..	..	..	..	April 1944	139
Canada ..	..	..	..	..	..	May 1944	133
United States ..	..	..	..	..	..	May 1944	143
India ..	..	..	..	..	..	December 1943	244
Japan ..	..	..	..	..	..	February 1944	139
The United Kingdom ..	..	..	..	..	..	May 1944	130
and to take an extreme case, Chungking ..	..	..	..	..	..	July 1943	6074

These comparisons should not be taken too seriously; their statistical basis varies considerably, and in any case it is difficult to get a price index which can make a satisfactory comparison of the cost of living of two countries.

Nevertheless it is evident that the strict control of prices and wages combined with technical efficiency will enable Australian industries to emerge from the war with much more competitive prices for their goods than they could offer in 1939.

I have pointed out that the war has meant a curtailment of normal commercial trade; but the defence demands of both India and Australia have helped to counter-balance this decline and at the same time have been responsible for a change in the character of the total trade, which has served to improve the mutual understanding of the two countries. Through the Eastern Group Supply Council and more recently through the Ministry of Supply Mission, India is receiving from Australia this year 5,000,000 pairs of socks, 890,000 singlets, 800,000 military hats, 2,800,000 blankets and about 1,000,000 other articles of clothing for the fighting forces. In addition, Australia is also supplying railway equipment, medical stores, as well as appreciable quantities of food for military and civil needs including large shipments of wheat.

With the termination of war, the defence needs of both countries will taper off, and there will probably be a smaller demand for the goods mentioned here. But on balance there should be some gain and purely war-time channels will continue in a shallower form into the peace.

The effect of the fourth influence, cessation of trade with enemy countries, is to some extent bound up with defence demands already discussed. Part of the war-time demands for Australian woollen blankets arises because they cannot be obtained from Italy. The war-time demands for Australian socks is closely associated with the exclusion of Japanese socks, and so on.

There is, however, a special aspect which vitally concerns India, and this is the possibility that Japan will be in no position to regain her export trade for many years, if at all, after the cessation of hostilities. Japan before the war supplied Asia with low-cost manufactures, and with its exclusion an alternative supplier is required. China and India are the only possibilities and there is good reason to believe that India, on the basis of the expansion of its manufacturing during the war and its ambitious post-war plans, may be able to take advantage of the opportunity. From Australia's point of view such a development would be highly important. Before the war Japan was

a very important source of supply, Australia's imports for the year 1934 amounting to about 5½ crores. In this total, textiles occupied a predominant place.

In dealing with Australia's exports, I have placed considerable stress on the prospect of sending increased Australian manufactures to India after the war. This, I believe, is justified because the development of secondary industries has been the most marked development in the Australian economy and because in the last years of peace and even in the first year of the war it was noticeable that Indian importers were making special enquiries for Australian manufactures. However, we can be sure that, despite the probability of greater exports of manufactures from Australia, foodstuffs and raw materials will continue to occupy an overwhelming share of Australia's exports. It is said in Australia that primary industries are the backbone of the country. In terms of employment and national income this is not the case. But from the viewpoint of overseas trade it certainly is. In 1913 primary products accounted for no less than 97% of Australia's total exports, and even in 1940 were nearly 90%. We may expect, therefore, that one of the over-riding influences affecting Australia's exports after the war will be the new ideas on nutrition and the plans which are now being developed world-wide to provide adequate food for everybody. In India, in common with other countries, nutritional standards are much lower than are required for good health, and consequently any programme directed towards improving the standard of nutrition would provide Australia with an opportunity to assist India in improving general conditions of health.

Naturally there is considerable scope in India for an improvement in primary production. Plans are under way which eventually envisage large-scale production with modern technical advantages, including huge irrigation schemes and the development of large sections of primary producers from self-sufficiency farmers, i.e., farmers producing primarily to meet their own requirements, to commercial farmers, i.e., farmers devoting most of their efforts to production for a commercial market. But the transfer to improved methods involves some complex sociological problems and it would be unduly optimistic to expect any rapid expansion of food production in India. At the same time, even when India has developed its capacities for primary production to the full, there should still be opportunities for trade between India and Australia on a specialized basis.

In view of the very great deficiencies in food in certain sections of India and in view of the inevitable delay before rice imports from Burma can be resumed on a pre-war basis, it is most important that, irrespective of financial considerations, wheat surpluses available in Australia at the end of the war should be provided to meet shortages of food in India.

Reference to nutritional proposals draws attention to other post-war plans for improving conditions in India and Australia. In India the Bombay Plan and other plans which have followed it indicate a general feeling that resources in India should be used to greater advantage in building up the country economically. If these plans eventually materialize, and there is every

reason to suppose that they will, India's demands on external countries, including Australia, will be greatly increased. In the first place there will be a heavy demand for industrial equipment to meet the basic requirements of the Plan. Despite the thriving steel industry in India, it is certain that local resources in the early stages will not be able to meet the full impact of the total demands of India's programme of expansion, and Australia, which, it is claimed, is producing the cheapest steel in the world (even cheaper, I understand than Indian steel), may well be called upon to meet some of the requirements. The same may apply to other capital goods and manufactured goods, although, of course, the bulk of India's investments will be based upon imports from the United Kingdom and the United States. But in addition to the demands for capital goods generated directly by the programmes of development, we must consider also the secondary effects which a heavy investment programme will have in raising national income and the general standard of living. These will give rise to further demands, including requirements of consumer goods and foodstuffs, which will react favourably on Australia's exports.

In Australia, too, we may expect a continuation of the high level of incomes and employment which have resulted from war-time investments. The Government has declared its determination to maintain full employment after the war and this will mean increased demands for imports generally.

In raising this matter of full employment I feel that I should draw attention to one complication. Factors which will play a part in the determination of national income, investment and consequently full employment will be the level of exports, the level of imports and, associated with these, the degree of protection. It follows that, if the Australian Government is to be consistent in its policy of full employment, it will either have to control exports and imports or exercise a rigid control of investment, which will enable modifications to be made in the rate of investment according to the level of exports. It is hardly likely, with the limited State control over the Australian economy which will exist in peace time, that detailed consideration will be given to these points. It is likely, however, that the demands of internal stability and the goal of full employment will require the continuation of some control such as the present licensing control of overseas trade.

- Turning from national plans to international plans, it is necessary to consider the possibilities of lower tariffs and international financial arrangements designed for freer and wider trade. International financial schemes, in particular, have been given considerable prominence during the last two years. The proposals of Lord Keynes in England and Dr. White in America, which have been the subject of a good deal of discussion, concluding with the Conference at Bretton Woods this year, seek to provide an international monetary agency which will loosen the wheels of trade. It is too early to say what the effects of the proposals will be. If the plan is accepted in the spirit in which it has been prepared, it will no doubt provide very great trade advantages and opportunities for international investment. There is sufficient evidence, however, to suggest that international collaboration to the extent required

to achieve a flexible international monetary agreement is rather too much to hope for. Individual countries are concerned with the demands of their internal economies and appear to be loth to jeopardize their control by handing over some of their sovereignty on the subject of international commercial relations. My own view is that, when everything boils down, the international monetary agreements will not be widely international, but countries will sink back into bilateral agreements between countries and groups of countries. If satisfactory financial arrangements are not found possible on a wide international basis, it is possible, and I think probable, that special facilities will be provided within the sterling bloc. If this is the case India and Australia, both within the bloc, will enjoy advantages in their mutual trade.

Very briefly, the foregoing deals with the general factors which will affect trade prospects between Australia and India. It is now worth discussing, equally briefly, what is likely to happen to individual commodities entering into the trade of the two countries.

A few of the items which Australia could probably supply in larger quantities than hitherto might be mentioned first :

Wheat, which, as I have pointed out, occupies an outstanding position in Australian exports to India, has particularly good short-term prospects. For some time there has been a noticeable trend in Asia for the populations to change their diet from rice to wheat. This has been assisted by the fact that wheat is the more valuable nutritionally, providing a much higher protein content than rice. The war has accelerated this trend. In India, for example, the cutting off of Burmese supplies of rice has meant a much greater dependence on wheat including supplies sent from Australia to meet emergency conditions here. Then again large numbers accustomed to a rice diet are now in the services and receiving wheat regularly for the first time. Habits built up during the war will doubtless continue and particularly in the short run, while rice supplies from Burma are disorganized, there will be heavy demands for wheat. I have also mentioned my belief that nutritional demands of the Indian people should result in wheat shipments from Australia.

Liquors, and especially whiskey, although only a small percentage of the total trade, may also enjoy a healthy demand. The war-time cessation of whiskey production in the United Kingdom and the probable loss of large stocks of European wines and brandies will probably result in substantial demands on these products from Australia. For several years Australian beer has enjoyed a high reputation in India. Sales may expand considerably after the war.

Before the war India imported from Australia milk foods to the value of 38 lakhs. These foods, which consisted of patent foods, infant and invalid foods and condensed and preserved milk, but excluded butter and cheese, served mainly to meet the needs of the European population. However, recent nutritional developments and their acceptance by influential authorities in India are likely to result in heavier requirements. Australia's greatly expanded milk foods production during the war could go a long way to meet the post-war demands.

Woollen goods are another item for which there was a considerable pre-war demand in India and which Australia can help meet. The United Kingdom, Italy and Japan were the important contributors to this market before the war, but developments in Australia's woollen textiles, price control and the associations established during the war may help Australia to compete satisfactorily on a much larger scale with a return to peace. Certainly Australia is taking its wool problems seriously. More than on any other industry Australia depends upon wool. Threats from substitute materials and a realization of the desirability of developing as high a standard in production as possible have led Australia to develop a very comprehensive scheme of research for both wool and for woollen textiles.

Turning now to Indian exports, cotton textiles deserve a special mention, for, in spite of Australia's expanding cotton industry, there should be a very good demand for Indian cotton, especially in the immediate post-war years. The development of the export trade in cotton goods from West India to Australia would probably do much to ensure the establishment of regular shipping services between Bombay and Australia, the lack of which in pre-war years was a serious inhibition to trade between the two countries.

Prior to the war Australia's imports of Indian cotton piece-goods were expanding rapidly. From 17,000 rupees in 1936-37, the value of exports increased to 2·3 lakhs in 1937-38 and to 4·4 lakhs in 1938-39. The factors operating during the war will do much to develop further this trade and the dislocation of Japan's textile industries will be another important consideration. My own experience in Australia showed that Indian textiles were receiving increasing attention, although there were unfavourable reactions to the wide variety of quality which was found in consignments and to the fact that consignments frequently failed to measure up to the quality of samples. These are disadvantages which can have most serious repercussions on the trade, but they are disadvantages which can easily be overcome. I understand that the Indian cotton textile industry is well organized and no doubt the Association is already dealing with the question of standards and reliability. If these are established, there is not the slightest doubt that a thriving market is open to cotton exporters.

Raw cotton supplies will continue to be needed for the expanding Australian cotton manufacturing industry. Cotton waste, imports of which were expanded from 47,000 rupees in 1936-37 to 1 lakh in 1937-38 and 2·3 lakhs in 1938-39, is also likely to be wanted in increasing quantities.

Jute and its manufactures, the most important item of Indian exports to Australia, will continue as before to find a ready market in Australia. To the extent that there will be increased exports of Australian wheat abroad to meet world deficiencies at the end of the war, we can expect additional requirements of jute bags for which Australia will of course fall back on India.

Because of the difficulty of obtaining English carpets, Australian manufacturers turned to India for supplies, and the war-time reception given to these carpets by consumers in Australia is a very favourable indication of a strong demand in the future when Australian import restrictions on luxury goods are

eased. This demand will be the greater because, in the interests of the war economy, the manufacture of carpets in Australia has been so restricted that only the most essential requirements can be met. For some time now most of the Australian looms have been changed over to direct war production and a strict rationing of jute by a Flax Production Directorate has only allowed meagre supplies to be used for the manufacture of carpets.

Coir goods should also continue to find a fair market, while lac and mica supplies will continue to be in demand; the latter, in particular, will be needed to meet the manufacture of wireless and electrical apparatus for civil use, which has been drastically curtailed during the war.

Tea provides a final example. Even before the war, exports of Indian tea to Australia were increasing. From a value of 5·3 lakhs in 1936-37 they climbed to 6·4 lakhs in 1937-38 and to 9·2 lakhs in 1938-39. Australia at this time received most of its tea from the Netherlands East Indies, but since 1942 the occupation of this territory by the Japanese has meant 100% dependence on India and Ceylon under the Empire Tea Scheme. Australians are a race of tea-drinkers and a taste for Indian tea established during the war may prevail also in peace.

Discussed from an Australian view-point all the foregoing factors are auspicious. It would be unreasonable, however, not to mention a few of the doubts which must preclude an over-rosy view of the future.

It is quite obvious that there will be an intense trade struggle at the end of this war. The United Kingdom, having sacrificed its overseas investments to the war, believes that the maintenance of a high level of experts is vital to the nation's prosperity. In America, the other great trading nation of the world, the dominating business philosophy of free private enterprise will place increasing pressure on trade expansion and the expansion of external investments.

Probably, however, the main factor which will limit the volume and character of Australian exports will be the domestic demand for those many goods which the Australian civil community has been denied by war-time austerity. Australia's war effort has been intense. Private and personal interests have not been allowed to put private profit or position before the common interest. All unessential production has been curtailed as far as possible and unessential industries have been prohibited. In consequence, an immense backlog of requirements has been built up because of the pre-occupation of Australian mills and factories with defence work. And these requirements will be intensified by Australia's own reconstruction programmes of land settlement, industrial expansion, rural betterment and improved housing.

The importance of this limitation is no speculation. When I left Australia in the middle of this year, considerable pressure was being placed upon the Government by vested interests to permit a relaxation of Government controls to an extent which would permit Australian industries to plan and prepare for the post-war. It was argued by the business interests that this was necessary so that Australian business might reasonably compete with overseas

business where the Governments were already allowing post-war trade preparations and even fostering them. But I am glad to say that the general interest prevailed and the Australian Government has steadfastly refused to permit these demands to limit the war effort in any way. Any resources which can be spared without detriment to the war effort are being devoted as far as possible towards the development of post-war plans for internal reconstruction. This policy is commendable in every way. But it emphasizes that Australian exporters will not be permitted to make preparations which will affect the intensity of Australia's war effort or the general plans for giving the people of Australia such essential post-war needs as decent housing.

To sum up, I have suggested that pre-war trends, war-time influences, such as shipping restrictions, reorganized war-time economics, war-time demands and the exclusion of enemy trade, together with the trends in national and international thought and the importance of individual commodities in the trade of the two countries, all point to increased trade between Australia and India after the war.

As against this, we have to consider that with the cessation of military hostilities the term, post-war, will be a misnomer when applied to trade, and that it is also probable that Australia's preoccupation with the domestic needs of the people will limit the energy which can be devoted to producing for external markets.

On balance, however, the future is bright. Australia and India have been drawn closer together by the war. They are learning to understand one another better. There is a new realization of their interdependence, as witnessed by the recent exchange of diplomatic representatives. Prospects are good.

## CHINA TODAY—AND TOMORROW

*By GEORGE H. JOHNSTON*

THE VAST and sprawling republic of China, dismembered and sick but still alive, is today receiving world-wide attention. It is an attention rarely tempered with understanding; an attention often made ugly with recrimination and anger. It is an attention which in a large degree is scarcely sympathetic to the real China of today, neither is it fair to the China of yesterday or conscious of the China of tomorrow. Because it is an attention almost always based not upon fundamentals but upon superficials. These superficials can be stated simply : China today is the only one of the so-called four Great Powers of the United Nations whose strength is failing ; China constitutes the only major battle-front of a world at war where we are being thoroughly and consistently defeated.

One of the results of this is that amateur and professional experts on global war from Churchill and Roosevelt down to the man next-door have been

variously and busily engaged in producing a spate of comment, vilification, criticism, analysis and advice in which downright ignorance and 'inside information' are merged into a fearsome verbal spectacle which does little more than prove that there is no country in all the world so little understood as China. This, too, at the very moment of disaster and doubt when the world should attempt logical and rational assessment of China and its people in their relationship with the wars of the United Nations. In the compass of this short article it is not possible to adequately present the intermesh of beliefs and the complexities of life that make up modern China. One of the reasons why so many writers have jumped in with such eagerness to write 'expert' pieces on China (large numbers of them never having seen China!) is because it is so much easier to present the superficial picture than it is to even begin to attempt analysis of the fundamentals. All I hope to do is to give one writer's impressions of the general outlines, as I see them after some time in China—and in other countries since,—which have served merely to accent my opinions.

It is now little more than a year since world opinion of China changed so spectacularly. Before then, the world looked toward China with an emotional, over-sentimental, almost maudlin affection, with a crazy perspective created as much by our own rather uneasy feeling of guilt toward China as by the isolating barriers of space and customs which will always separate East from West. It was, admittedly, largely China's fault that the pendulum of public opinion then swung violently from one extreme to the other. Rigid censorship, virtual segregation of foreign correspondents, the Kuomintang's refusal to allow trained observers to even suggest that all might not be completely healthy with China—all these things had the traditional reaction. Among certain newspapermen there was built up a violent resentment and antagonism which at the first opportunity was expressed in a spate of angry criticism against China and particularly against the Kuomintang. Much of the criticism was sound but much of it was a slightly hysterical reaction to oppression. It ranged from strange rumours about the private life of the Generalissimo and the de-bunking of the Madame Chiang-Kai-shek legend to stories which suggested that *all* Chinese officials were rogues, blackmailers, grafters and murderers. It is important now at an undoubted crisis in modern Asiatic history that China should be assessed accurately, without the falsely tender emotionalism of three years ago—when we gave China more crocodile tears than aircraft—and without the angry dissatisfaction that is swiftly and dangerously becoming the world's opinion of China today. We were doing a foolish and dangerous thing to paint China all white a year or two ago, but it is just as foolish and dangerous to paint China all black now.

It is easy for us to howl angrily that China is not a true democracy, that behind the spectre of inflation there is corruption and graft, that more of China's fighting man-power is concentrated upon an ideological future than in fighting Japan, that the latent evils of fascism are inherent in Chungking's 'thought control,' secret police, and political censorship and dictatorship. All these statements are at least partly true, but there are corollaries that also must be considered in passing judgment on China. The time has come to

speak bluntly of China, but it's just as important to speak fairly. Here in my opinion are the fundamentals to any appreciation of China today:

In the first place, let us stop being smugly complacent about 'what we've done for China.' Certainly we've given arms and planes and ammunition and medical supplies—and promises. And if all the promises we made in the past six or seven years had been changed by some alchemy into guns and rice and bullets, may be, Kwangsi province would not be overrun today. In addition to lip-service we *have* given a great deal to China. But in the final analysis of war it is blood and suffering and sacrifice that count. A few hundred Americans and British have died on China's soil for China's cause. But as the direct result of more than seven years of war China's dead are uncountable. Best estimates suggest that twenty millions of Chinese men, women and children—soldiers and civilians—have lost their lives. A good thing to bear in mind when you feel like criticizing China. Who is doing the dying in China?

Another fundamental concerns the 'shortcomings of democracy' in China. By our standards there may be much to be desired. But our standards are not China's standards. The bulk of China, until thirty-three years ago, was economically, politically and sociologically comparable to the England of the period of the Wars of the Roses. It is still only superficially removed from mediaevalism—much of it is still utterly mediaeval—and the superimposition of democracy on this fabric has been experimental and sectional in a large degree. China, too, is an Oriental country and it will never absorb Western democracy as we know it, in the same way as the United States could never absorb Russian communism as Russia knows it, or England could absorb Polynesian paganism as a Society Islander knows it. In a country where a journey through the western provinces is more like something from the pages of Herodotus than anything else, it is difficult to picture the striped trousers and bowler hats and rolled umbrellas of London's House of Commons or the banner-waving, Coca-cola-sipping delegates at a Republican Convention in Chicago. With the quaint perspective of the East even these surviving evidences of Magna Carta and the Declaration of Independence look a little odd too!

The third fundamental to keep in mind is that China is now not only in its eighth year of warfare but in its eighth year of defeat. It is now over two thousand seven hundred days since a skirmish on Marco Polo bridge began the world's longest and most tragic single 'incident.' At that time, and for several years after, we were clucking our tongues sympathetically about China and sending scrap iron and war materials to Japan. When we were doing that there was tragedy and suffering and loss in China. When we were closing the Burma Road, which was the Republic's last link with the outside world, there was still tragedy and suffering and loss in China. There still is. China, in almost eight bitter years, has never ceased suffering and losing and seeing tragedy at every turn.

Yet China has *kept in the fight*, and even now in her eighth year of war she cannot clearly see the glimmering of light that is justification for those terrible seven years that have gone toppling in ruin into Asia's Armageddon. They

have been years of smashed cities and ruptured communications, of the Mikado's men swamping the richest provinces of China and despoiling its finest cities, of death and destruction and starvation and pestilence and homelessness for millions. They have been years, too, of promises from the Western world, many of which have been broken or only partly fulfilled. They have been years when China, with almost nothing with which to fight, kept fighting.

But in that time there were too many heart-breaks, too many disappointments, for China to remain at fever-heat of nationalism and patriotic emotionalism. Gradually and inevitably there was a waning of spirit, a softening of the idealistic fervour that had at least done much to fuse an apparently unfusible country against a common enemy. Place-seeking, self-interest, corruption, bureaucracy, persecution, traces of fascism began to appear amid the rubble of a shattered China, whose tentative unity had been split by dismemberment and severe communications, whose basic economy had been overturned by lost provinces and empty granaries and the disappearance of consumer goods, whose primitive but effective sociology had been disrupted by 50,000,000 refugees who streamed from the dominated and developed east to the still free but comparatively uncivilized west.

China was in soror straits than the world realized, but the world had its attention turned elsewhere. Then, suddenly, it rediscovered China and found that things were not as they should have been—according to *their* thinking. According to Chinese thought the crumbling of the pattern had been almost as logical as it had been inevitable. And so we had recently the strange paradox of wishful-thinking Westerners laying down diametrically opposed laws of conduct for ally and enemy. They were confidently predicting that Japanese morale would collapse and that Japan could be knocked out of the war in six months or a year. But they were bitterly resentful that China was doing so poorly. One expected one's enemies to collapse, but one expected one's allies not to—even though they had been fighting for seven years, trading their homeland for desperately needed time, struggling without sufficient guns or food or bombs or bullets, and struggling against one of the world's mightiest and most modern military powers.

China has faults—many of them—but China is still fighting, still trading what little is left of the homeland for the time that is running so tragically short. And on the Asiatic continent—where, incidentally, the biggest battles yet fought against Japan are continuing—it is still the Chinese who are doing most of the dying....

So much for the fundamentals as I see them. Now let us briefly attempt examination of the political picture. It is easier to understand the picture if we will realize the unassailable fact that democracy *as the Western world knows it* scarcely exists in the modern structure of China, and almost certainly never will! In any case, what we so glibly call democracy has become very much a luxury commodity; I have just seen ample evidence of that in Italy and Greece. It cannot be sold to hungry people, to paupers, to those without hope. It could never be sold even to Americans slouching in the cold winter

bread-lines of the Bowery, nor to under-nourished, unemployed shipyard workers on the Tyne.

In China so-called democracy has more the character of a coating of paint than of a foundation stone—and the paint fades quickly. Since Sun Yat Sen's revolution, China has either been fighting civil wars, or fighting for existence, or seeking some way out of the dark tangle of the past—and there has been little time to give more than lip service to the fundamental principles of democratic government. When it did seem that there was a chance of China groping its way out of mediaevalism and tyranny and exploitation and feudal overlordship to begin the search for some suitable form of government, it suddenly had to postpone almost all other considerations to fight a desperate and tragic war of self-preservation. It had to relegate into a subordinate position its own domestic conflicts, not only between the northern communists and the Central Government of Chiang Kai-shek, but also between the Central Government and the powerful South-west Alliance, to mention nothing of the smaller rivalries of warlords and bandit leaders who still survived from the country's twentieth-century mediaevalism. For a short time China, under pressure of Japanese aggression, became fused into some sort of unity, but it was a marriage of convenience which, while calculated to produce a kind of watchful patriotic unity in a common cause, was never a real political unity. Explosive forces were temporarily locked down, but it was inevitable that some day they should flare up again. Exactly the same thing is happening today in liberated Europe and will continue to happen the world over as this fantastic war marches inexorably to its climacteric. I have little idea why we should so suddenly criticize China for political schisms when half the western world is equally—and will be increasingly—at fault!

China today is broadly divided into four 'political divisions'—a large section of Free China under the political domination of the Kuomintang; the northern 'communists' located mostly in Shensi Province who have an uneasy 'understanding' with the Kuomintang but retain their own political entity; the people of occupied China some of whom are still fervent nationalists but many of whom are co-operating willingly or resignedly with the Japanese conquerors; and the vast mass of illiterate coolies and peasants, particularly those in isolated provinces, many of whom neither know nor care anything at all about China's politics. The two most important divisions are, of course, the Kuomintang and the 'Communists.' Because of our stupid habit of putting label tags to everything we must use these terms, but the blue-clad people of Shensi are no more communists in the current sense of the word than the Kuomintang is democratic. But it's important to understand that there is no clear-cut line of demarcation between any of these divisions. There are communist cells within the Central Government areas. There are politically conscious groups in the most isolated and primitive peasant areas. At the moment there is close co-operation between the Kuomintang and the South-west Alliance (sometimes the co-operation stems simply from a desire to share in the war materials coming in from the United States), but it would be profoundly foolish to assume that the South-west Alliance has finally lost

its identity in absorption by the Kuomintang. At some political future it could again be a strong and important factor in shaping China's political tomorrow. However, the Communists still remain the most important political factor in China outside the Kuomintang.

Early in the present century there were two independent political revolutions which, while they occurred almost at opposite ends of the world, had much in common. Both were socialistic and both developed separately but at the same stage in world history. Both were basically founded on Marxist principles and both were the expressions of the common man's will against feudal tyranny. In Russia there was a revolutionary leader named Lenin with a strong-willed young lieutenant named Stalin. In China there was a revolutionary leader named Sun Yat Sen who had a strong-willed lieutenant named Chiang Kai-shek. By force of personality and circumstances both revolutionary lieutenants have become leaders of two of the four great Allied Powers. After overcoming its growing pains Russia's revolution succeeded in establishing a mighty and united nation capable of standing on its own feet and possibly capable of becoming the greatest single power in the history of the world. China's great social revolution never passed through its growing pains completely. Somehow the revolution went sour and the years that should have been spent in developing nationhood, indoctrinating people, developing resources and establishing stable government were spent largely in fierce internal conflict, in a small way with the warlords and landlords and in a large way between the Central Government and the Communists who had different ideas on a number of things, particularly on what type of new social order should arise from the ashes of the overthrown Manchu dynasty.

With China riven by opposing factions, power politics and pressure groups, the beliefs and teachings of Sun Yat Sen—which, while never as profoundly brilliant as some Chinese idealists assume, were still sound and sane and based on good premises—were largely put aside to be taken up at a more propitious time. The time has not yet arrived. China is still not a homogeneous political entity. It remains a heterogeneous mixture of incompatible ideologies, pressure groups, individuals struggling for power or wealth or both. It is the world's greatest hodge-podge of idealists and realists, of intellectual leftists and intellectual rightists, of clever men and ignoramuses, of honest men and racketeers, of brilliant soldiers and bungling amateurs in uniform, of visionaries and charlatans, of humane men and cruel barbarians, of scholars and dolts. In this chaos, where can any observer from outside find a fact and lay his finger upon it and say, 'This is the cause of China's trouble !'

And behind all this fantastic conglomeration of humanity in flux there are the uncounted millions of China, the majority of whom are puppets with little or no consciousness of what it's all about. The important thing, however, is that these puppets are made from just about the best human material in the world—tough, enduring, industrious, brave, good-humoured, and with an intelligence that bears no relationship to literacy and often transcends it. These are the common men and women of China.

One day, when the cauldron of Oriental politics has gone off the boil and China settles down—as she will—to stable Government and methodical progress it might well be that these puppets of today will be the solid backbone of a new Asiatic continent. China has still to go through a tremendous testing time which will bring even more suffering and travail to this long-suffering people, but few observers who have seen China in this suffering will ever doubt the inevitability of China's future.

Four-fifths of China's population are peasants or coolies with an almost negligible political consciousness. But without them China cannot exist, and the political future of China will depend in major degree on the extent and direction of the political *impact* on these countless millions.

It is possible that the Communists, using an elastic policy of 'agrarian socialism,' have been more successful than the Kuomintang in appealing to the mass of the people—their followers are now believed to number 80,000,000 people—but it does not follow that Chiang Kai-shek has failed in his task. Chiang, with some of the powers of a dictator and some of the attributes of director, could never have accumulated the power he holds without representing to some degree the will of his people. Communist leader Mao Tze-tung himself has publicly announced: 'Chiang's obstinacy has one tremendous value—he is without parallel as a leader of China's resistance.' Chiang is a self-willed man, and undoubtedly his obstinacy has led him into grave errors. He has not always been wise in the choice of his leaders near the core of the Kuomintang. He has often been guilty of completely misjudging public reactions both in China and abroad. He has allowed, and possibly encouraged, the seeds of fascism to sprout in his organizations. But Chiang has repeatedly asserted that his first problem was to try to unify China, then to achieve victory over the enemy, and then the time would come to mould what he calls 'a democratic peace based on political and social stability.'

The time has not yet come, he claims, to model a political China but to fight for the preservation of Free China and the liberation of occupied China. That remains his obsession, and with all his faults it is almost undeniable that in the last seven years of tribulation there has been nobody else in China who could have done what Chiang has done—kept China holding on when it seemed hopeless and stupid that she should hold on. Militarily and politically, his task has been a mightier one than Churchill's and Roosevelt's. He is a ruthless idealist and only time will prove whether or not he is a big enough man to finish the job he has started.

In this article I am not attempting to defend Chiang and the Kuomintang. I am merely trying to establish some facts which seem to me fundamental to any attempt at understanding the chaos in China today and to prevent us from falling into the trap of misconception which is the common approach this year to the enigma of China. It is, for instance, a complete misconception to attack Chiang because of his 'lack of co-operation with the Communists' on the ground that 'the Communists have been doing all the fighting while Chiang's best troops have been blockading them.' I have heard that statement put forward a hundred times. The Communists have performed valuable guerilla

operations against the enemy, but by far the greater bulk of fighting—and sacrifice—in resistance to Nippon has fallen on the shoulders of Central Government armies. The colossal military failures of these armies cannot fairly be attributed, even indirectly, to ideological differences, but to the blunt facts of lack of supply, lack of communications and lack of transport, the three greatest single weaknesses of China today. There is a great deal wrong with the China of the Central Government. But admission of that fact does not automatically imply that the China of the Shensi Communists is a new Utopia, nor that every Chinese outside the Kuomintang is a haloed saint while everyone inside the Kuomintang is a crook or a fool.

The real China of tomorrow—proud, independent, powerful—is being created by the real China of today. These are the people of China, the people who have saved China today and will mould the new China of tomorrow. They are not the fat warlords or shrewd politicians or gold-braided professional soldiers, but the inarticulate mass of Chinese humanity, the peasants and the coolies who make up ninety per cent of the country's teeming population. Without their soldiers and their spokesmen from the tiny articulate minority of scholars and skilled tradesmen and craftsmen they could have done little, but it is the immensely strong backbone of China's peasantry that has been China's unmalleable strength.

Hardships, privations, tragedy, horror such as Westerners cannot imagine have not shaken them, for to them all life for countless generations has been a stern and bitter battle and war is but another thing to be added to the changeless pattern of sorrow and pain. But the mighty fact that stares the foreigner in the face wherever he goes in China is the inflexibility of this people and the importance that inner strength will have in the future of mankind.

More than any people in the world these people know the meaning of blood, toil, sweat,—but not tears. These people do not seek tributes, because tributes do not grow rice, nor save the sick from dying. Nine-tenths of them would never hear the tributes, nor understand them if they did. A few years ago the whole world was shouting these tributes, but now it is more fashionable to write about corruption in Chungking or to invite arguments as to whether China is tending toward democracy or fascism.

But the Chinese people haven't changed—except that their life has become tougher, their belts tighter, their graveyards more crowded, their faces more lined with the sheer strain of keeping alive. In their eighth year of war the spectacle of China's people is a sad and tragic one. In their faces you will see the marks of tragedy and suffering and sorrow. But you'll see no self-pity. All of them are not conscious of the fundamentals of this war, but all of them are conscious of the right of man to live, and many of them are conscious of China's right to her future. Wherever one goes in China, one has a feeling that this sturdy man with ragged clothes but unbowed head is a symbol of future history. One walks through a land of thousands of years of recorded and legendary history—yet a journey through the China of 1944 is far less significantly a journey through yesterday as it is a journey through tomorrow.

# THE FUTURE OF BURMA

By DAW MYA SEIN

Now THAT the Allied Forces have liberated a great portion of Upper Burma and are well on the road to Mandalay, the question of Burma's future has come to the fore. From an independent State, Burma became part of the British Empire by right of conquest. Gradually she progressed towards responsible self-government, and since 1937, Burma 'has enjoyed a greater degree of domestic self-government than any other unit of the British Empire with the exception of the self-governing Dominions.' The war in the East broke out in December 1941; the Japanese invaded Burma and by July 1942, were in complete occupation of the country, excepting some hill tracts. A Burmese Executive Administration was set up under the Japanese Commander-in-Chief and a year later, on August 1st, 1943, Burma was declared to be an independent and sovereign State. From the little that we know, the independence given by the Japanese is only in name; the Japanese Commander-in-Chief is still supreme, Japanese advisers guide the policy and Japanese firms exploit the country. But sham though it be, independence means a great deal to a people who lost it only 58 years ago. There are still a few who remember seeing the last king taken away into exile. Some are descendants of those who kept up the Burmese resistance for about 5 years after the annexation and many have imbibed the spirit of independence from the British themselves. The man-in-the-street, who has vague ideas of the Burmese kings' days and the glories of the past, now sees the return of the Burmese regime; a Burmese Head of State with all the trappings of Burmese royalty, Burmese ministers and heads of departments, a Burmese Ambassador at Tokyo and relations with other countries, and Burmese public servants. Most probably he is aware that the Japanese gun lurks behind all this, but he has been assured that the Japanese Army is in Burma only to protect Burma's independence. He feels keenly the acute shortages of the necessities of life and resents the restrictions placed on him, but there is a war on and such a precious possession as freedom cannot be obtained without some suffering, replies the Burmese Propaganda Minister. The Burmese man-in-the-street is a proud man. He wants to hold his head high and meet the nationals of other countries as an equal. These years of suffering have brought the Burmese people closer together and have made independence even more precious than before. What is to happen to Burma after she is liberated from the Japanese? Will she be allowed to join some future international scheme as an independent State? Will membership of a South-East-Asia block be feasible? Or will it be better for her to remain in the British Empire and trust the British to grant her dominion status as soon as possible? In law, Burma is British territory. What are British intentions towards Burma? Burma's immediate future depends on that. Will there be chaos after liberation or will the work of reconstruction begin at once? Let me now give a short description of the Burmese people and their historical background.

*The People:* Very little is known of the original inhabitants of Burma. They were most probably Indonesians who were completely displaced by the swarms of immigrant Mongolians who poured into Burma from north-west China and Tibet. Between 500 B. C. and 500 A. D. there was a great deal of tribal movement and petty squabbings, but by the 9th century, the position of the immigrants was more or less consolidated: The Mons, who belong to the Mon-Khmer family, which spread throughout the Indo-Chinese peninsula, settled in the deltas of the three rivers, Irrawaddy, Sittang and Salween, and the Burmese made the dry zone their home while some of the tribes stayed up in the hills. About the 13th century the Tai or Shan people left the mountains on the north-east of Burma and pushed themselves wherever they could. Some of them moved down the Menam and founded the kingdom of Siam, while others went even beyond the boundaries of Burma into Assam. As late as the early 19th century, some tribes were still coming into Burma from the north. The Karens, Chins, and Kachins all belong to the same Mongoloid stock, but came in at different times. Except for some Selungs or sea-gypsies who live in the Mergui Archipelago and are akin to the Malays, it can be said that all the peoples of Burma come from the same stock and the same countryside. There were constant quarrels and bickerings, but in the plains, inter-marriages took place and there is little to distinguish between them. At the present time there are hundreds and thousands of people who are of mixed blood, but they call themselves Burmese and dress like the Burmese.

The population of Burma is now estimated at over 16,800,000 which gives Burma a fourth place among the units of the British Commonwealth of Nations. Of that, the Burmese comprise about two-thirds; of the remaining inhabitants, about 70% can speak the Burmese language with facility. By religion, the Burmese are almost exclusively Buddhists. The other religions are generally professed by those who have foreign blood or by the hill tribes and the Karens among whom the Christian missions have had the most success. Education is co-extensive with Buddhism; the monks, who are supported by the community, teach the boys to read and write and understand the Buddhist scriptures. There are no organized Buddhist missions, but the wandering monk is ready to live in any village which will give him food and shelter and in return he teaches the boys and advises the elders.

The Burmese are mostly agriculturists who live in villages rather than on the fields. In Upper Burma, the villages are usually surrounded by a bamboo or thorny hedge with a gate that is closed at night. Each family owns about 15 acres of land, a yoke of buffaloes and its own house and garden. Burmese houses are built of wood or bamboo and are raised on posts about 5 feet high. The plan is simple and there is little or no furniture. The staple diet is rice to which is added a dish of meat or fish and vegetables and savoury leaves. The people are well nourished and, although there are very few really rich families, there is little of the grinding poverty seen in bigger countries.

In character the Burmese are usually easy-going, generous and impulsive. Their love of laughter and light-heartedness have often led to the criticism that

they lack perseverance and ambition. In the old days, life in Burma was not strenuous; land was plentiful and the soil fertile. Their simple needs could easily be obtained. In youth they enjoyed the pleasures of life, and in old age they devoted themselves to religion and doing acts of charity. Besides, their agricultural life was such that they had to work hard during and immediately after the rainy season, and once their crop was sold, there was nothing to do till the rains came again. This gave them the reputation of being lazy; actually the Burmese can work hard and do so when the necessity arises. Nowadays, life is not so easy; the population has increased and one cannot take a *dab* and cut down a forest and cultivate the land. But the Burmese are adaptable people; they are adjusting themselves to modern conditions of life and in the process, they are suffering growing pains. In the last ten years or so there has been much political and economic unrest; the Burmese found themselves in a position where they were outsiders in their own country and they struggled to get their rightful place in the life of their country.

Burmese women occupy a high place in society. By law and custom they have worked with the men and enjoyed the same rights. Never have they adopted the veil or had their feet bound. They go about freely. Most of the petty trade is in their hands and most women try to supplement the earnings of the family. They inherit equally with their brothers and they own property jointly with the husband. Marriage is a civil contract based on mutual consent rather than on arrangement. Divorce is easy and polygamy is allowed but both are frowned upon by society.

The difference in wealth among the Burmese people is not great. Nobody is very rich and nobody dies of hunger. No rigid castes and classes exist in Burma and until recently there was no prejudice against foreigners. In fact, during the centuries the Burmese seem to have assimilated not only the smaller racial groups but also those peoples who have settled in their midst and have a sense of being a Burman; that is, a person from Burma, as distinct from being of the Burmese stock, has become very strong and apparent.

*Historical Background:* Burma was first united under one king twenty-two years before the Norman Conquest. Previous to that, the immigrant warring tribes were scattered all over the country and lived in isolated groups. Legends indicate that kingdoms were set up at Tagaung in the north and at Prome and Thaton in the south. The ruins found in these places are Indian and not Chinese. There seems to have been a period when Indian culture was dominant, though not as strongly entrenched as in the other parts of the peninsula. King Anawrahta, 1044—77 A. D., whose capital was at Pagan, conquered the Mons of Thaton and carried away the king, his court, artisans and Buddhist scriptures and relics. He raised the walls of Prome from whence his ancestors had come to found the kingdom of Pagan. He subdued the nearer Shans and had relations with the Chinese and the people of Ceylon. In his reign, Hinayana Buddhism of the south superseded the Mahayana which had come overland to the north; Pali became the language of sacred literature; the Mon alphabet which was based on the script was adopted. For two and a half centuries Pagan flourished as the centre of Buddhist culture and civilization

nd the people were so prosperous that the barren wilderness of the dry zone was turned into a wonderful panorama of pagodas.

The Shan irruption took place about the 13th century. The Tai or Shans who had founded the kingdom of Nanchao in Yunnan were pushed down o the plains and scattered all over the country. In 1253 the Tartars annexed Yunnan and demanded tribute from Pagan where the dynasty was already beginning to totter. On refusal by the Burmese, the Tartars invaded the country and sacked Pagan. The kingdom collapsed and Burma was split p into many principalities which spent most of their time in fighting one nother. It was a dark age for Burma. Although the chieftains technically uled with the seal from China, actually they did as they pleased and would ave ruled in any case. Chinese influence did not increase, otherwise a marked dvance in Burmese culture would have taken place. As it was, there was o strong dynasty with the refining influence of the palace; sacred literature nquished and a decline set in. It was fortunate for Burma that in the eluded monasteries, the monks who were literate, kept the lamp of learning ickering.

In the 15th century, the discovery of the sea-route from Europe brought osperity to the ports of Lower Burma. Goods of many countries were xchanged. Pegu had a mild dynasty; so, while there was chaos in Upper urma, it enjoyed a 'golden age.' The earliest surviving law-book was comiled from old Mon writings and a mission of monks to Ceylon brought back alid Orders which caused a religious revival and reunion.

Unity was again established by King Tabin Shwehti of Toungoo. Many urmese families who had found life under the Shans intolerable had flocked o Toungoo with its hill fortress. Men of mark also came; they wanted to get ack their own against the Shans. Soon Toungoo became the centre of Burmese nationalism and when the Shans actually took Pagan, the King of Toungoo id waste a belt of country between him and the Shans. Tabin Shwehti first efeated the Shans of the north and became king of Upper and Lower Burma. lis successor Bayinnaung extended the boundaries of Burma to Manipur and unnan to the north and Chiengmai and Ayuthia to the south. Instead of onsolidating their power, the kings of this dynasty frittered away the resourcs and men of the country in long campaigns and sieges till the prosperous elta became depleted of people and paddy lands turned into jungle and tall rass. Another mistake they made was to move the capital back to the north hen the Pegu river silted up. The Mons rebelled, and in 1752 they forced eir way to Ava and burnt it to the ground.

The Ava dynasty fell, but the strength of the Burmese was by no means ent. Centres of resistance cropped up everywhere and the hereditary headian of Moksobomyo or Shwebo succeeded in defying and defeating the Mons; ie Burmese flocked to his standard. Aungzeya, or Alaungpaya as he was ter known, united the whole of Upper Burma, gradually cleared it of the Mons and finally defeated them in 1756. This was the end of all strife; ie Mons and the Burmese gradually welded together into one people although,

like the Welsh, the Mons have their own language and culture and the Mon Association of Rangoon tries to foster them.

The first European to visit Burma was Nicolo di Conti who came in the early 15th century. One or two other Italians also came, but it was not till the 16th century that the Europeans came in any numbers. The Portuguese Government did not establish any settlements in Burma, but Portuguese adventurers took service under rival Burmese chieftains. One adventurer, Philip de Brito, tried once to set up an independent kingdom at Syriam. In the 17th and 18th centuries, Dutch, French and English East India Companies tried to establish trading posts, but the disturbed state of the country prevented profitable trading. After 1760 there were no authorized settlements, but a few Europeans went to Burma as individual traders.

The Alaungpaya dynasty was virile and energetic. They began to widen the limits of their kingdom; they burnt down Ayuthia and ravaged the country; they repelled Chinese invasions and invaded Manipur and Assam. It was their conquest up to Arakan that brought them in contact with the East India Company. Frontier troubles led to a war in 1824 which resulted in the Burmese ceding Arakan and Tenasserim to the Company. For some time after the war, there was a British Resident in the Burmese capital, but relations between the two countries deteriorated and in 1852 the Second Anglo-Burmese War broke out. This time the delta and the country as far as Toungoo and Thayetmyo was annexed by the British. In 1862 the three provinces of Arakan, Tenasserim and Pegu were amalgamated into the Province of British Burma and placed under a Chief Commissioner who was answerable to the Governor-General of India. With the whole of the coastal provinces lost, it was just a matter of time before the end of the Alaungpaya dynasty came. A weak king, disorders in the districts and intrigues with other European powers led to the outbreak of war in 1885. The campaign lasted only a fortnight but, for five years after, Burma resistance continued and spread to Lower Burma.

*British Connexion:* With the conquest of Upper Burma, the administration of Burma was again unified and a system of government similar to that in use in India was introduced. In 1897 Burma was raised to a Lieutenant-Governorship and a Legislative Council was nominated. A beginning had also been made in local self-government by the establishment of municipal and town committees. The Morley-Minto reforms brought about the introduction of a non-official but nominated element into the legislature which remained little more than an advisory body to the Lieutenant-Governor. Burmese nationalism, as we know it now, is said to have begun as in other Eastern countries after the Russo-Japanese War. In 1908 the Young Men's Buddhist Association was formed for social service and for the support of the Buddhist religion. In Burma, where over 85% of the people are Buddhists, Buddhism and nationalism are almost interchangeable. Soon the Y. M. B. A. began to take up politics, and during the discussions about the introduction of the Montagu-Chelmsford reforms, it split into two parties; the older generation were willing to co-operate with the Government while

the younger agitated for more extensive reforms.

In 1923 the reforms introduced into India by the Government of India Act, 1919, were extended to Burma. Under the system of dyarchy, the legislative Council was enlarged to 103, 84 of whom were elected. This council had the final power of legislation in Transferred Subjects, subject to the approval of the Governor and the two Ministers held office only so long as they could command the confidence of the Council. Reserved subjects were controlled by the Governor aided by two official councillors and Central subjects came under the Government of India. The Younger Party, which had broken away from the Y. M. B. A. and called themselves the General Council of Burmese Association, again broke up; the main body, known as the People's Party,\* participated in the reforms while the G. C. B. A. boycotted the new legislature.

The question of the separation of Burma from India came up long before the annexation of Upper Burma. When the three provinces of Arakan, Tenasserim and Pegu were combined into one province and placed under the Government of India, there had been some opposition, but, for administrative expediency, it was carried out. In 1919 when the Montagu-Chelmsford reforms were under discussion, some of the Burmese had asked for separation, but the fear of being turned into a Crown Colony induced the others to agitate for inclusion in the scheme. Therefore the same question arose when the Simon Commission came out to make its investigations. The People's Party and the Independents wanted Burma to be separated from India but the G. C. B. A., which had split under three leaders, demanded participation in the Indian Federation, but only on condition that the right of secession was admitted.

It was at this juncture that Dr. Ba Maw came into prominence in the political field. At the end of the rebellion of 1931, he had gained some popularity in defending the leader Saya San and some of the other rebels. He sided with the anti-separationists, but once the Government of Burma Act was passed and the separation of Burma effected, he became the first premier with a party of only 16 in a House of 132. The United Party, which was for separation, was the largest in the House, but not having a clear majority, could not form a Ministry. U Chit Hlaing's party and other minority groups like the Karens, Indians and Europeans supported Dr. Ba Maw.

*Burma before the Outbreak of War:* The Government of Burma Act, 1935, came into force in 1937. Burma ceased to be a province of the Indian Empire and became something between a Crown Colony and a Dominion. A new post of Secretary of State for Burma was established, but it is still held by the Secretary of State for India. All the former central subjects were allocated to the Government of Burma and many of them, together with most of the provincial reserved subjects, came under the control of the legislature and the Ministers, all of whom were responsible to the legislature.

The legislature was bicameral; the House of Representatives, elected on a wide franchise which gave the vote to 20% of the population, and the Senate of 36 members, of whom 18 are nominated and 18 are elected by

the Lower House. The principle of communal representation, which was introduced into Burma when it was part of India, was maintained, 25 of the 132 seats being reserved for minority constituencies and 16 allotted to special constituencies like Commerce, Industry, Labour and the University. The Governor is directed by the Instrument of Instructions, issued to each new Governor by the Secretary of State, to entrust the formation of a Ministry, of not more than 10, to only such persons as could command a majority in the House of Representatives. The Cabinet thus formed has a constitutional right to advise the Governor on all subjects except such reserved subjects as Defence, External Affairs, Monetary Policy, Ecclesiastical Affairs and Scheduled Areas, for which the Governor can appoint not more than 3 Councillors; joint consultation between the Ministers and the Councillors was encouraged as can be seen by the formation of a Defence Council in which both Councillors and Ministers participated. In 1940, a Burmese Councillor also was appointed. The Governor has special responsibilities, such as the preservation of peace, the safeguarding of interests of Government servants and of minorities, and the maintenance of financial stability, in the exercise of which he might disregard the advice of the Ministers. Any legislation affecting these responsibilities could not be introduced in the House without the prior consent of the Governor. In addition, the Governor could in emergencies issue ordinances on the advice of the ministry, having force till the next session of the Legislature, while in matters affecting the special responsibilities, he could issue ordinances of six months' duration and Governor's Acts having the full force of law. In actual practice, the use of these special powers in executive and legislative spheres would have involved a conflict with the ministry having a majority in the House and might have led to a break-down of the constitutional machine. There was no such break-down in Burma and when they evacuated Rangoon, most of the Ministers went up to Maymyo with the Governor and the Premier Sir Paw Tun and the Finance Minister Sir Htoon Aung Gyaw came out to India and are continuing their work as Advisers.

Under the Burmese kings, the officials of the Central Government were looked upon as one of the five evils which had to be suffered. They did not receive any salary but were given the revenues of a particular village, town or district, and so they often tried to get as much as they could. Fortunately for the people, communications were not good in those days; so actually they did not suffer too many visitations from the central authorities. The administration of the local chiefs who were mostly elected by the people was good and reasonable; the tendency was for these headmen to become hereditary, but because of the facility with which a whole village could move away, it was to the benefit of the headmen to keep the goodwill of the people. Often a strong and good headman had several villages under him and at the time of the annexation this strong hereditary headmanship was a feature of local government, and it was the breaking up of these larger units after the Indian pattern of the 'one village, one headman' that led to troubles in later years. It was a good instrument of pacification; but it meant that a small village

with a little remuneration no longer attracted a villager of good standing, and when gradually the headman became the maid-of-all-work in the local administration, he lost the respect of the villagers who looked upon him not as a representative but as a petty official at the beck and call of everyone. The situation became worse when, under the Rural Self-Government Act, another set of representatives of the people was set up by the establishment of the Circle Boards and District Councils. It was unfortunate that an elective system which already existed was not used and developed; if the villagers elected their own headmen, these headmen elected a District Council, which in turn elected the Lower House, there would have been more members who were interested in their constituency and responsible to them. As it was, many people from the big towns, who neither knew nor cared for the villages, stood for election and, when successful, promptly forgot the people who had elected them. The election for the Upper House could have been on an all-Burma basis.

The permanent civil service is run on the same lines as in India. Burma is divided into 8 divisions under Commissioners. Under them are the Deputy Commissioners who are responsible for all the functions of Government in the district. To help the Deputy Commissioner, there are the District Superintendent of Police, the Superintendent of Excise, the Superintendent of Land Records, the Divisional Forest Officer and other officers of the different services. Of these, a great majority were Burmese; in 1940, of the 41 Deputy Commissioners, 16 were Europeans, and outside the frontier areas almost all the Sub-Divisional Officers and all the Township Officers were non-European.

*(To be Continued)*

## INDIANS OVERSEAS

By C. KOND API

THERE ARE nearly 35 lakhs of Indians settled abroad—about 23 lakhs in Burma, Ceylon and Malaya, 3½ lakhs in South and East African territories, about 3 lakhs in Mauritius, 2½ lakhs in British Guiana, Trinidad and Jamaica, 1½ lakhs in Thailand, Indo-China and Dutch East Indies, nearly a lakh in Fiji, and a few thousands in the U. S. A., Canada, and Australia. Economic competition and racial juxtaposition among the Indian, native and European communities, coupled with the political domination of a small racial minority, have resulted in numerous humiliating restrictions on their civic and political rights ranging from those on the right of cremation to those on parliamentary representation. It is proposed here to survey the important developments in their condition during the last three months.

### SOUTH AFRICA

The present controversy in South Africa originated with the enactment of the Pegging Act on April 27, 1943, pegging, for the fourth time, the posi-

tion of Asiatic occupation up to March 31st, 1946. The Government of India demanded that the Durban area to which the Act applied be 'de-proclaimed' and the Act itself be repealed. On April 18, 1944, Premier Smuts entered into the Pretoria Agreement with the Natal Indian Congress as an alternative to the Pegging Act. The Agreement purported to establish the inherent right of the Indian community to acquisition and occupation of property anywhere in Natal of which the Pegging Act had deprived them, save and except in the case of occupation of dwellings for residential purposes in urban areas which was likely to engender racial friction due to juxtapositional living. To meet the situation, a Board was to be set up to control and regulate juxtapositional occupation of dwellings between the Whites and Indians. The Board was to have powers of licensing and exempting dwellings, singly or collectively, thus by its positive action facilitating the reversion of such dwellings to a position which prevailed before the passing of the Pegging Act. The Natal Provincial Council was empowered to pass an ordinance implementing the Agreement.

The spirit behind the Agreement was that Indians would agree to voluntary segregation in Durban, but only in case they were afforded the civic amenities on a scale provided in European quarters and without any prejudice to their inherent right to ownership and occupation of property throughout the rest of Natal. From the Indian stand-point, though the Agreement was in some respects a retrograde arrangement, it had the merit of being the result of consultation instead of compulsion, and the control contemplated was only in respect of residential occupation. Indians acceded to the arrangement only as a *pis aller* to accommodate the White racial prejudices and obsessions to a reasonable extent.

The Natal Provincial Administration drafted the Occupation Control Ordinance. It was accepted by both the parties as embodying the Agreement and the Natal Administrator advised its acceptance. But the Europeans opposed it to such an extent that, after its introduction in the Natal Provincial Council in June 1944, the Administrator of Natal was forced, after the first reading, to send it to a Select Committee, thereby departing from the usual procedure which permits the reference of any ordinance to a Select Committee only after the second reading. The Select Committee reported on October 17, 1944, and recommended the new Residential Property Regulation Ordinance.

This ordinance is fundamentally different from the Occupational Control Ordinance; it restricts the Indian right to acquire property by methods designed to control the *acquisition* of residential dwellings and land, whereas the original ordinance sought to limit only the *occupational* right; while the old ordinance applied only to Durban and to other boroughs and townships in case the necessity for its application was proved, this one extends its blanketing restrictions on occupation and acquisition over the whole of Natal; it provides for the constitution of boards which will determine policy, whereas the older one limited the functions of the licensing board to the control of individual dwellings; and, above all, it precludes consideration of the vital requirements of contiguity and natural expansion in occupation which constituted an essen-

tial part of the Pretoria Agreement and the Draft Occupation Control Ordinance and even introduces proposals incompatible with such consideration.

The Natal Indian Congress raised its voice of protest and urged the premier to veto the new ordinance (in the event of its being passed by the Provincial Council) on the ground that its provisions did not conform to the Pretoria Agreement. The ordinance was, however, rushed through the Provincial Council. Besides, two other ordinances,—the Housing Board Ordinance and the Provincial Council and Local Authorities Expropriation Ordinance,—were also passed. The Government of India promptly reacted by imposing reciprocal restrictions on South African nationals in India in terms of Sec. 2 of the Reciprocity Act, 1943. Whatever the practical value of the step taken—for the first time in the history of this country—the Government of India, it must be said, acted in conformity with Indian public opinion on both sides of the Arabian Sea.

The South African debate in the Indian Legislature in November was a magnificent demonstration of the unanimity of official and non-official viewpoints on the question. The legislature demanded the imposition of economic sanctions and the recall of the Indian High Commissioner in South Africa. The Hon'ble Member for Commonwealth Relations and the Secretary accepted the demand and assured the legislature that the Government was not opposed to the demand. The echoes of Indian feeling reached abroad and the dispute assumed the importance of an inter-imperial and international question. The *London Times* and the *New York Times* banner-lined and spotlighted the news.

On 28th November, the representatives of the Congress interviewed the premier and conveyed to him its views that the new ordinances, as passed by the Provincial Council, were beyond the scope of the Agreement, and therefore not within the competence of the Provincial Council, i.e., if the Agreement was to be implemented. The premier took some time to consider the position, and sent his reply on the 5th December, 1944. He agreed with the Congress that (*i*) the new ordinance did not conform to the Pretoria Agreement, but took the strange view that as 'the Agreement specifically provided for proceeding by way of an ordinance and made no further provision of its implementation, the Agreement is thus dropped and can now be considered to be of no further effect'! The premier thus transformed the lapse of the Natal Council into a legal technicality to wriggle himself out of the Agreement. Secondly, he confirmed that the Pegging Act remained unrepealed and in force. Thirdly, while he would advise that the Residential Property Regulation Ordinance be reserved for His Majesty's assent, the Housing and Expropriation Ordinances would become law.

The only concessions made in favour of the Indian stand-point were: (*i*) in respect of Indian fears that the Housing and Expropriation Ordinances might, as in the past, be utilized by the Provincial Authorities to eject Indians on the pretext of slum clearance, they were assured that final authority remained with the Union Government as, although housing matters are dealt

with by Provincial and Local Authorities, the expropriation of land both for housing and slum clearance has, in order to be valid under the South Africa Act, to receive the consent of the Union Government; (ii) Indians were vouchsafed the privilege of sending another memorandum on the matter; (iii) they were allowed to appoint a small Standing Committee to keep in contact with the Administrator and the Minister of the Interior, and, where necessary, the premier, and (iv) the Natal Indian Judicial Commission whose work had been suspended for some time would be revived. Other ways of settlement, it was also said, were being explored.

Premier Smuts' attitude is neither logical nor helpful. The Residential Property Ordinance is intended to implement the Pretoria Agreement. After pronouncing the death of the Agreement, he can neither give oxygenated existence to that Ordinance nor hold up a crutch to the Housing and Expropriation Ordinances, which can be converted into convenient instruments to further a policy of racial zoning and segregation and which introduce a new feature in South African legislation by enabling the Natal Administration to become a dealer in Indian land and housing property. Secondly, after what was virtually a unilateral repudiation of the Agreement, he need not have exhumed the obnoxious Pegging Act, especially when the other party to the Agreement has been urging the premier to implement the Agreement by requiring the Union Parliament to pass the necessary legislation. Or he could have invoked the assistance of the War Measures Act to take the matter back to the Union Parliament instead of throwing the entire Agreement overboard. Thirdly, in so far as matters referred to the Natal Indian Judicial Commission for inquiry have been allowed, even when the inquiry is going on, to be peremptorily prejudged by the passing of the Residential Property Regulation Ordinance, the usefulness of the Commission has been *pro tanto* destroyed. The two Indian members have, therefore, resigned. Hence, any attempt to resurrect the Commission cannot, so long as the Property Ordinance is kept alive, be honest enough to inspire confidence in the future work of the Commission.

The only solution, as the Natal Administrator has stated, is to admit Indians as a permanent part of the population. As a preliminary to such solution, the Pegging Act should be first repealed and the Natal Indian Judicial Commission should be required to inquire into the question of municipal, provincial and parliamentary franchise to Indians. The Union Government should undertake not to consider any question affecting Indians before franchise is restored to them in Natal and extended to them in Transvaal. For, once they are enfranchised as Union citizens, the Union Government too can legitimately require of them not to look up to India for help. All friction arising from the imposition of economic sanctions and other retaliatory measures could well be then avoided.

What, in the meantime, should the Government of India do? They have done well in taking the first step of imposing reciprocal disabilities, and awaiting Smuts' final decision on the new ordinance before taking the next step. But now that the premier has buried the Pretoria Agreement and kept the Peg-

ging Act unrepealed, the Government of India cannot, after taking the first fateful step, allow the cannonade to end in smoke without imperilling the very cause they seek to serve.

#### MAURITIUS

Mauritius has an Indian population of nearly 2,80,000 out of a total of 4,10,000, and even in 1937, 30,500 Indian labourers were living on the sugar estates. After disturbances and police firing in 1937, the Hooper Inquiry Commission, found that many of the grievances of labour were justified and made several recommendations touching wages, trade-union organization etc. After an inquiry, Mr. S. Ridley reported in 1940 that the payment of war bonus of 10% was in some estates made conditional on the employee working at least five days a week and that it was not at all applied to day-labourers. Besides, there were fairly frequent complaints with regard to non-payment of wages due to the piecework system. Mr. Ridley made several proposals including the introduction of a minimum wage for labourers in the sugar industry for the whole island and the appointment of more Indian medical officers. Again in 1942, Major Orde Brown investigated into the conditions of labour and reported in 1943. He concluded that the results of the adoption of minimum wages disappointed the labourers and that, as regards trade-union organization and victimization, the subordinate staff, owing to their outworn methods and obsolete prejudices, penalized employees who openly identified themselves with an Association by accepting office in it. He made many valuable suggestions for relief and improvement in housing, medical assistance, unemployment, old-age pensions, employment of women and children, trade-union organization, and conciliation and arbitration.

In spite of these inquiries and recommendations, there were again disturbances and police firing in North Mauritius on 27th September, 1943, resulting in three deaths and several wounded. The Report of the Royal Commission, which was appointed to inquire into these disturbances, was published on the 14th December, 1944. It shows gross and callous failure of the Government and the employers in effecting any appreciable improvement in labour conditions which have remained, in some cases, much the same as they were when the Hooper Commission was appointed. 'Some of the employers fail to appreciate the labourers' claim to a higher standard of living' and 'made use of their legal right of dismissal to clean up their camps of so-called undesirable leaders;....unjustified abuse has not been unknown.' As the labourers were poor and ignorant, it is emphasized, they were not properly organized and thus the gap of 1937 has gradually widened. The default of the Government is no less flagrant. It is disclosed that the police officers who were entrusted with the responsibility of dealing with labour unrest and who fired on the labourers 'could not speak directly to the people.... They could not be certain whether the people assembled or some of them were praying or not. In short, they were unfamiliar with the language, religion and customs of the people whom they wished to persuade and perhaps to coerce.'

The Commission states that the urgent problem is to raise the standard of living and the quality of the population. They recommend the creation of a Wages Board for the settlement of disputes regarding wages; the re-organization of the Labour Department with Labour Inspectors, including a female inspector, who should reside at a convenient centre in the area for which they are responsible; more direct representation in the machinery of collective bargaining which will give a better guarantee that any agreement reached will be fulfilled; the formation of Regional Industrial Committees and a Central Committee of workmen's representatives, along with the establishment of Conciliation Boards and an Arbitration Tribunal to which, in the event of conciliation failing, the parties could, by agreement, refer their dispute; giving power to the Governor to order the parties to submit their dispute to the Arbitration Tribunal for a decision which would be final and binding upon both the parties; provision for responsible officers on the spot who will promptly attend to the complaints of the labourers, and lastly the re-organization of the police force.

It remains to be seen how far these recommendations of a fourth inquiry commission will be implemented. The Government of India should urge on the Colonial Office the need to end the deplorable condition of poor Indian labourers in that country.

#### BURMA

The Indo-Burma Agreement of 1941 was concluded for a period of three years and so a suitable opportunity arose in the middle of 1944 for fresh negotiations. During May to September 1944, the Standing Emigration Committee of the Indian Legislature and a sub-committee framed recommendations to the Government of India to safeguard 'the true interests' of Indians in Burma. At the Burma Conference convened by the Department of the Commonwealth Relations in June, 1944 at Simla, the Hon'ble Member for the Department stated that the Conference was called to consider the proposals which the Burma Government had made to the Government of India as a basis of further discussion and settlement of the Indo-Burman question. It is known that these proposals included the claim that the Burma Government had the right to determine the composition of its population; that Government also proposed that Indians who preferred to go to Burma after re-occupation should 'get' their domicile in Burma. In the first week of September 1944, the Standing Emigration Committee made their final recommendations to the Department regarding a fresh Indo-Burma Agreement. The nature of these recommendations still remains confidential.

On the 6th October, the Burmese Refugees Association in India issued a statement advocating the restriction of Indian immigration into Burma after its re-occupation and the control of the entry of Indian lawyers, doctors and other professional classes. A week later, on the other hand, the Bengal Legislative Council passed a Resolution requesting the Bengal Governor to make an immediate representation to the Government of India to safeguard the Indian rights in Burma, in all reasonable ways, including the right of free entry into Burma in future whether they were evacuees from Burma or not and the

restoration of all lost properties to Indians on their return with proper compensation.

What, however, causes anxiety to the Indian mind is not so much the Burmese as the British attitude. Tory publicists like Sir Alfred Watson have been frantically urging that Indians should be excluded from any share in the post-war reconstruction of Burma. The Tory Blue-print prepared by the Imperial Affairs Committee of the British Conservative Party and Mr. Amery's speech in the Commons confirm the above impression. This new imperialist recipe proposes to confiscate Indian interests in Burma to satiate their sudden solicitude for the Burmese cultivators and compensate the Burmese for their economic and political impositions. The exclusion of the representative of the Government of India from the secret session held by the Government of Burma to decide her post-war destinies assumes an ominous significance in the light of these subsequent events.

The Government of India did well in appointing a Special Representative for Burma with his headquarters at Simla, but it will take some time to know how far he is kept informed about their decisions affecting Indians. In any case, Indian public opinion will not accept any status for Indians in Burma inferior to that of the subjects of the United Kingdom. It will prefer to negotiate with a free Burma Government after Burma's liberation rather than stumble into an Agreement manœuvred in a hole and corner fashion.

#### CEYLON

Early in September 1944, the Ceylon Ministers withdrew their draft constitutional scheme for Ceylon as a protest against the declaration of the Secretary of State that the Reforms Commission would, besides examining the scheme, receive representations from the minority groups and interests who disagreed with the scheme. This scheme had been prepared in secrecy, without consulting either the State Council or the minorities; only certain representatives of minority interests had been invited in groups for informal consultation and even they had not been informed of the material details. The White Paper, which was published in Ceylon in September, revealed that the Minister for Home Affairs had not agreed to the proposal for representation on the basis of weightage according to area and population and to leaving the franchise question deliberately in suspense; he had suggested that this controversial question be settled by a Royal Commission. Subsequently, an unofficial Reforms Committee of State Councillors was constituted for framing an agreed constitution. This Committee met on 13th September and appointed a sub-committee of seven members including three Indians to report on the question of franchise and representation. It was stated that the minority leaders were unable to agree to the proposals which provided, in the future Legislature of a hundred members, 60 seats for the majority community (the Sinhalese) and 40 for the three important minorities—Ceylon Tamils, Muslims and Indian unrepresented interests. It appears to have also been suggested that Indians should accept the present franchise qualifications. Indians could not help rejecting these proposals,

particularly when the question of status still remained unsettled; acceptance would have meant a negation of their efforts during the last 13 years.

Indians demand that adult franchise should be accorded to all Indians in the Island on a footing of equality with the Sinhalese. So far as the acquisition of citizenship rights is concerned, they are prepared to accept the test of a total residence of five years to prove their abiding interest in the country. In regard to those who enter the Island in the future, the Governments of India and Ceylon may negotiate and decide. Finally, Indians demand the representation of the majority and minority communities, on the basis of 50 per cent for the former and 50 per cent for all the latter communities.

The efforts of the unofficial committee appear to have failed. There is, however, a growing realization that it is better for the leaders of the two parties to come to some agreement rather than for each to look up to London for protection, for, as the Ceylon Minister for Local Administration has stated, 'the Constitution that might be granted after the Royal Commission's visit would be worse than the present.'

On 18th December, the State Council passed a resolution directing the Board of Ministers to prepare a 'constitution of the recognized Dominion type for Lanka'. A draft Reform Bill also was gazetted.

Lord Soulbury, the Chairman of the Commission, and other members arrived in Colombo on the 22nd December and have begun their work. The Government of India is preparing India's case to be placed before the Commission.

#### TRINIDAD

In Trinidad, Indians numbered 1,58,000 even in 1939, constituting 35% of the total population, nearly 90% of whom were colonial-born. Mr. (now Sir) Tyson reported in 1938 that only 50% of Indian children of school-going age was in average daily attendance in schools. The general unwillingness of parents to send their children to Christian denominational schools, and the general poverty of Indian labourers have resulted in large illiteracy among Indians and ignorance of English language. The European planting interests have been opposed to the enfranchisement of Indian workers. Consequently when, in accordance with the Indian democratic demand, the Secretary of State for Colonies recommended the introduction of adult franchise in Trinidad without requiring a voter to know English, the Trinidad Legislature recommended the stipulation of knowledge of English, thereby disfranchising a large number of Indians. The local Indian community and the Government of India have urged His Majesty's Government for enforcement of their recommendation.

#### U. S. A.

In regard to the question of Indians in U. S. A., the Langer Bill permits all Indians, who entered the U. S. A. prior to 1st July, 1924, to acquire citizenship five years after the original declaration, thus classifying Indians, for the purpose of naturalization, with other immigrants. The sub-committee

on the question of immigration rights for Indians reported favourably to the Senate Immigration and Naturalization Sub-committee and Mr. Cordell Hull has stated that he 'sees no objection to the passage of the Langer Bill.' This Bill will affect approximately 3,000 Indian nationals, excluding 700 who entered the U. S. after 1924. Mr. Langer has also said that he would be glad if the Bill were widened to permit naturalization of Indians who entered the U. S. after 1924.

Two other bills pending on this subject were introduced by Representatives Mrs. Clare Luce and Mr. Emanuel Celler. They provide that qualified nationals of India may become citizens of the U. S. and that about 75 Indian nationals may enter the U. S. annually as immigrants. These Bills are wide in scope. The hearing of these Bills before the Committee of the House of Representatives for Immigration and Naturalization was originally fixed for 22nd November, 1944, but was later called off for want of adequate time to line up witnesses to testify in favour of the Bill. They are expected to be introduced soon after the New Congress is convened on 3rd January, 1945, and the hearing may be held sometime at the end of January.

Hardly any precise details are available about the developments in the position of Indians elsewhere,—in Fiji, British Guiana, Jamaica, East Africa and the Japanese-occupied lands like Thailand, Indo-China, Malaya and the Dutch East Indies,—during the last three months under review.

#### OTHER DEVELOPMENTS

There have been two significant developments connected with the administrative aspect of our overseas problems. The first is the appointment of a Controller-General of Emigration. The Central Government has, with effect from 1st October, 1944, resumed the functions assigned to them under the Indian Emigration Act, 1922 (which were up to that date performed by the Provincial Governments of Madras, Bombay, Bengal, the United Provinces, Bihar, Orissa and Sind by virtue of entrustment from time to time by the Central Government under Sub-section (1) of Section 124 of the Government of India Act, 1935). These functions would now be performed by the Central Government through the Controller-General of Emigration. Mr. A. V. Pai, I.C.S., has been appointed as the first Controller-General.

The second step is the appointment, for the first time, of a High Commissioner for India in Australia. Sir R. P. Paranjpye, who was appointed to the post, has taken charge.

## INDIA AND THE WORLD

### PARTICIPATION IN INTERNATIONAL CONFERENCES

*By M. CHELAPATHI RAO*

INDIA'S INSIGNIFICANCE in the long procession of the United Nations was impressively demonstrated by the series of international conferences held in the second part of 1944—at Bretton Woods, Rye and Chicago.

The International Monetary Conference, which opened on June 30 at Bretton Woods and lasted till July 22, was the first of a series of world conferences held to tackle post-war problems. The setting up of an international office with power to control the exchange rate of the world's currencies so as to forestall any possible 'international inflations' that might arise out of the war and the creation of 'an international fund for reconstruction' to provide loans for war-devastated or economically underdeveloped countries, were the main items on the agenda. Forty-four nations were represented. The Indian delegation consisted of Sir Jeremy Raisman, Sir Theodore Gregory, Sir C. D. Deshmukh, Sir R. K. Shanmukham Chetty and Mr. A. D. Shroff, the first three officials and the other two non-officials. If public utterances are any indication, the lead was taken by the non-official section of the delegation, though none of the delegates found a place on any of the committees except Sir C. D. Deshmukh who was the Chairman of a Committee dealing with the form and status of the International Bank. At the outset Sir R. K. Shanmukham Chetty expressed the hope that the conference would evolve some formula by which some of India's sterling balances in England could be transferred to an industrial nation like the U. S. so as to enable India to purchase industrial machinery in the U. S. But the conference turned down a proposal to provide for one of the member countries obtaining through the International Fund foreign exchange of another member country from which it was buying. It was held that the scope of the Fund could not possibly be enlarged at present to include a solution of India's problem without endangering the Fund's ability to perform its main functions. The only way left for India, which was unable to import anything from the U. S. because the sterling balance was blocked, was to enter into bilateral arrangements with the countries concerned. India's second proposal in the form of an amendment presented by Sir R. K. Shanmukham Chetty, regarding help through the Fund to economically backward countries like India and China, was also rejected. The U. S. delegation attacked the amendment on the grounds that it would 'clutter up' the machinery of the Fund, placing on it responsibility which would come under the sphere of the proposed International Bank. The Indian delegation's argument that the proposal did not relate to the Bank, but was just an attempt to elicit a statement of the economic policy of the Fund being applicable to all countries 'and not merely to highly industrialized nations', did not weigh with the U. S. delegation which voted against the amendment. It was clear that the mere growth in volume of international trade would not necessarily benefit backward countries. Yet the conference preferred to stick to technicalities. The U. S., in its desire to get British consent to the White Plan on war balances, had decided to by-pass blocked balances.

India's further participation in the conference ceased to be of interest. The U. S. Office of War Information had given an assurance that the people of the world must know and understand what the delegates to the conference were seeking to accomplish,—that 'through the institution of the free press they can be kept informed' and that 'the people of the United and associated

Nations will be kept fully informed of the progress of the conference to a degree never before achieved in international gatherings.' But Reuter's cables did not say even what delegations backed and what opposed India's demand. Having lost on the main issue, the delegation seemed to feel that any further participation was of little consequence to this country. The majority of the delegations at the conference seem to have suggested that, like Argentina, whose sterling balances were co-related with gold and would not be affected by depreciation in the value of the sterling, India could enter into a bilateral agreement with Britain. It would depend on British willingness for a square deal with India. At any rate, this country needed an assurance that there was no intention to repudiate the sterling balances in any form, that the rupee would not be linked to sterling, that sterling would not be devalued and that a certain proportion of the balance would be immediately available in the form of dollars and that no derelict machines at excessive prices would be dumped on this country. The Bretton Woods Conference failed to assure any such security.

The problems of relief, reconstruction and settlement of international indebtedness arising out of the war were specifically excluded from the range of the Fund's operations; but was it desirable to set up on paper a system calling for multilateral trade and free exchange convertibility so far in advance of fulfilment? In these circumstances, should India care to be a part of the International Monetary Scheme? Were there advantages in being a member of the Stabilization Fund, for on current accounts India would not be a debtor? Even a tentative line-up of proposed quotas in the Fund seem to be based more on political than on economic criteria. The representation on the executive of the Fund was also uneven and unjust. The fact that no other politically dependent country was represented was small satisfaction, and of the remaining seats to be filled, India had slender hopes of securing election. The Indian delegation did well in expressing disappointment and notifying reservation, when even the *Economist* could say: 'He is a fortunate man who can reach a definite conclusion in so difficult a dilemma. The only possible course is for as long as possible neither to accept nor to reject'.

The International Business Conference, which began its nine-day session at Rye, near New York, on November 10, was the first unofficial conference in the international field. Fifty-three nations sent over 500 delegates, advisers and technical assistants. Russia sent only an 'observer.' The purpose of the Conference sponsored by some leading business organizations in the U. S. A., it was explained, was an effort on the part of American businessmen, not only to establish contact with the people of other countries but to organize business opinion on some of the most vital post-war problems. India was represented through the Federation of Indian Chambers of Commerce and Industry, and the Conference had the merit that, as far as India was concerned, the delegates were not tied to the apron-strings of the Government but could express Indian business interests freely; it had one defect, that it took no decisions as they could not be implemented. It was a measure of independence for Indian commerce, if not for the Indian people, and an opportunity to

reach other delegates which had virtually the backing of their Governments. The main conclusion of the Conference was that the system of private enterprise is the 'best known means of bringing about effective world prosperity and employment and of securing and maintaining world peace, thereby assuring a higher standard of living for all purposes.' Exception could be taken to this reiteration of an outworn principle on the ground that it was stabbing States in the back at a time when State control is not only increasing in scope but acquiring at least scientific delimitation. But there is fair unanimity of view in this country on problems of sterling balances, currency, foreign investments, shipping and commercial policy. The delegation made it clear that India's sterling balance must be unfrozen, opposed the 'key nations approach' to currency problems and any upward revision of the rupee ratio. Their opinion on the necessity and means of industrialization, the need for a treaty of commerce and navigation between the U. S. A. and India, and the vital interests of Indian shipping is far more advanced than any policy foreshadowed by Government and nearer to the people's interests. The Conference was a good forum for the voice of Indian commerce and industry to reach the galleries of the world. The Government of India was outflanked for once. As Dr. Henry Grady, head of the U. S. delegation to the Conference (and head of the U. S. Technical Mission to India in 1942) put it: 'India was able at this conference not only to twist the tail of the Lion but also to pluck the feathers of the Eagle.'

The International Civil Aviation Conference, which met for over a month at Chicago, was perhaps the most infructuous of the conferences, with Russia as a prominent absentee. It dawdled on for days promising a deadlock and in the end producing a compromise solution which does not envisage necessarily any international order in the air. The Conference was confronted with too many proposals,—the Australia-New Zealand plan for international ownership and management of international aviation; the Canadian proposal for an international air authority with power to allocate routes, determine frequencies of operation, enforce technical standards, and apply the principles of the four freedoms of the air; the U. S. proposal for an interim council, to be technical, advisory and consultative and to implement the decisions of the Chicago Conference pending the adoption of an international convention and aeronautical body; the British plan for an international air authority but with fewer powers than under the Canadian plan; and the Latin American group's plan for an interim council of fifteen for purely technical and consultative functions on aerial navigation. The Latin American proposal finally emerged with credit. The main drama at the Chicago Conference was provided by the clash of British and U. S. interests. Britain had taken care to achieve a fair unanimity of outlook at a preliminary conference with the Dominions at Montreal. British civil aviation had been outstripped under the war-time understanding which allowed the U. S. A. to go ahead with construction of transport, and while the U. S. A. was in a position to insist on the fifth freedom of the air enabling free competition, Britain wanted a regulation of quotas. The head of the U. S. delegation, Mr. Adolf Berle,

was accused of an obstinate desire to relegate Britain to a second-class status, while Lord Swinton, the new Minister of Civil Aviation who led the British delegation, was accused of 'bazaar tactics.'

The Indian delegation was entirely official, with Sir Gurunath Bewoor as the leader, and one of them, Sir Frederick Tymms, Director of Civil Aviation, had openly expressed himself against aircraft manufacture in India. Demands for non-official representation had gone unheeded. The delegates' interest in the Conference seems to have ceased the moment it was admitted that each country must be allowed to handle its own interior air-traffic and that traffic originating and terminating in the same State should be reserved for domestic air lines. No reservation of cabotage could, however, save a country if there were insufficient planes. Towards the end of the Conference, it was clear that every minor power, including Egypt, was in a position to indicate its zones of external traffic, while India with its vast land expanse and undeveloped resources could not take a decision. The Conference could in the end agree on an interim authority and bilateral agreements on the freedoms of the air. Sir Gurunath Bewoor's final gesture of despair, when India could not secure a seat in any of the international bodies, lost its force when Cuba made a magnanimous move in withdrawing in favour of India. There are some 'relief' provisions, but their usefulness will depend on the extent to which Indian opinion can shape Government's policy. India has been practically left out of what is called the 'concept of a new geography of a new air-age.' The battle of 'open sky' and 'close sky' policies is undecided.

#### REACTIONS IN INDIA TO EVENTS ABROAD

India's reaction to world affairs is not so inarticulate as it may seem. The Japanese invasion of the country in March, 1944, provided a direct impact and produced visible signs of agitation, though criticism of the Allied Command was confined to the inadequate communiques. In a country preoccupied with its own affairs, there is no time for mass observation and Gallup polls and, as it is, Indian opinion, never lacking in volume, must be a thin trickle in the main current of world news. But the Indian public is alert, quick and alive to world affairs which continue to absorb quite an ample space in the Indian press. The agencies of information are foreign and include Reuter, The American United Press, the Tass, the Chinese Ministry of Information and their subsidiary sources, each working under its own special limitations. But the outline of events is firm and the transfiguration of political contours clear. There is a complete identity of outlook as far as all sections of the Indian-owned press are concerned, though the British-owned press maintains its own point of view.

The probable end of the war is of absorbing interest to the country not only because it will inaugurate fresh offensives against Japan but because it will indicate how far and how quickly war aims will be translated into peace treaties. But Mr. Churchill's own optimism, it was clear, received a setback and the liberation of France, Luxembourg and Belgium did not lead to quick results on the Rhine. The big German counter offensive before

Christmas seemed to confirm Mr. Churchill's forecast that the war would continue well over into the new year. Signs of Germany's renewed strength were evident and Hitler had not become a phantom figure. The Red Army's phenomenal advances were obscured by the better featured news of the fighting in the west and had come to a halt. Japan's advance in South-west China revealed the dim outlines of an 'Inner Fortress' based on the China coast and a strengthening of the land communications in the South-west Pacific. This meant prolongation of the war in the East. The Japanese withdrawal in Burma made Far Eastern problems remote and European countries once more presented a better close-up.

With Germany's ultimate defeat certain, it was only a question of dates and there seemed a further shuffling of Allied schedules. There was a sharp suspicion whether, apart from a race to Berlin, there was not a crack or two in the inter-Allied front. The freshly liberated countries put Allied policies to their first test. The marked features of this phase were an ugly competition for unilateral action leading to hurried recognition and treaties, the lag between the setting up of provisional governments and post-war settlement, and the use of the liberated territory as a military base for further operations in an yet unconcluded war. Some ideological features re-emerged, in spite of Mr. Churchill's incautious remark in one of his war reviews that the war was losing its ideological character. The conflict was many-sided. Freedom from the Axis yoke petered out into struggles between the Left and the Right, between Republican and Royalist, between emigre governments and national resistance groups, between governments sponsored by London and governments sponsored by Moscow.

The situation in Italy was not flattering to the Allies and the premature Soviet recognition of the Badoglio Government was a puzzle. That country also provided the first test for a monarchy which had so closely identified itself with Mussolini. King Emmanuel stuck on, but a combination of left-wing parties in which Count Sforza, an Italian Liberal who had been in exile during the Fascist eclipse, and Benedetto Croce, one of Europe's eminent savants, played a leading part. But the king's abdication and the formation of an all-party Cabinet under Bonomi did not improve matters and a remarkable instance of Allied meddling was provided when Sforza was declared a *persona non-grata* with the British Government. The new Cabinet did not include Sforza and ideologies were once more left in a mist. The monarchy was saved. The paramount consideration of the Allies was to make the best use of Italy as a base and prevent the resurgence of fascism. The earlier criticism of the Amgot became less audible with the establishment of the Advisory Council.

De Gaulle's *sang-froid* alone seems to have saved France from becoming the playing-field of the Allies. The U. S. Government's dealings with Darlan roused considerable criticism and they did well in sending General Giraud back into obscurity. The Allies' attitude to the French National Committee of Liberation was pusillanimous and Mr. Churchill's explanation that they were looking for a further affirmation of French *bona fides* was un-

convincing. Experience in Italy, however, enabled the Allies to effect the transfer of power to the French civilian authorities without friction. The U. S. attitude improved after de Gaulle's visit to Washington. The emergence of the resistance groups from underground seemed the beginnings of a civil war, but de Gaulle's coolness and pro-Left measures and the Allies' non-intervention made the resurgence of the ruling families difficult and counter-revolution impossible. French nationalism would be a factor in Europe once again but French imperialism seemed to be more firm, if more elusive, in the Lebanon and Syria. The climax was de Gaulle's visit to Moscow and the signing of the Franco-Russian agreement of mutual assistance, revival of traditional friendship ended at Brest-Litovsk in 1917, revived in the treaty of 1935, and killed again at Munich. The agreement was fraught with consequences for post-war Germany. It seemed the beginning of encirclement again.

The smaller countries gave a foretaste of the post-war troubles. In Belgium British troops under Gen. Eisenhower's orders had to intervene against left-wing elements and the Pierlot Government had to be defended with barricades and bayonets. Pierlot had no popular support but the Allies could say that their lines of communication were in danger. Britain had not the semblance of justification for her strident intervention in Greece. It seemed self-contradictory for Britain that, if she went to Greece by invitation, she should have supported Papandreu with military aid in a conflict which was described as civil war. In the House of Commons, Mr. Churchill and Mr. Eden made it clear that they had had U. S. and Russian approval for intervention, but a statement by Mr. Stettinius, the new Secretary of State, which seems to have been subtly timed, made it clear at least that the U. S. Government would not have gone so far as the British Government. All eyes were turned on Britain where the extremist elements in Labour demanded an immediate settlement at the risk of losing face. Mr. Churchill's personal intervention has not improved matters.

In Poland the aspect of affairs was different. Polish-Soviet understanding, for which Sikorski had laboured till his death, seemed necessary and inevitable. But the emigre Government backed up by the British preferred to be obstinate, while the Soviet seemed determined to support the Lublin Committee. The results of this dangerous disparity of outlook were seen in the confused resistance in Poland when Warsaw was on the point of deliverance. Subsequent British adherence to the Curzon Line had all the appearance of a *volte face* and the promise of compensation to the Poles in the shape of German territory seemed a repetition of last war's most dangerous heritage. Only M. Mikolajczyk, the leader of the Peasant Party, the largest group, who resigned from the Premiership and refused to join the new Cabinet, seemed to emerge with credit.

It seemed Britain and the U. S. had given way to the Soviet in Poland. British attitude in Greece strengthened the rumour that at Teheran the Big Three had agreed on spheres of influence. Yugoslavia alone emerged from a threat of civil war with a non-party platform where there was still place for

both King Peter and Marshal Tito. The U. S. seemed keen on winning a war to which it was committed with an implicit threat of withdrawing into isolation at will. The Soviet attitude was at times mysterious, but there was no departure from diplomatic rectitude, concentration on Germany and a good-neighbour policy. Its peace with Rumania was at least the only 'model' peace so far.

But divergence of views among the Allies was evident and what was it due to? The Atlantic Charter had lost its significance and Mr. Roosevelt did not improve matters when he revealed that it was literally a scrap of paper. The Dumbarton Oaks Conference seemed to be further proof of the uncertainty of post-war security. The segregation of the world into Big and Small powers under the hegemony of the Big powers seemed a recession from the League of Nations. Greater stringency was required, but was it necessary to impose a Holy Alliance as a superstructure? The whole plan could be easily assimilated into the Teheran concept. Its only advantage lay in the elasticity it offered to the U. S., Britain and Russia who could build up their own security schemes. Britain could strengthen her ties with the Dominions, she could have an *entente* of western powers under a regional scheme, she could watch over Central Europe within the frame-work of treaties of mutual assistance with Russia and France.

The Soviet provided an inspiration in every country without interference and her security has increased with the prospect of pro-Soviet governments in the countries lying between the Baltic and the Black Sea. Her hand was manifestly strong in the demand for oil concessions in Iran and the British press campaign had no basis except that of envy. In the east, M. Stalin had created a mild sensation by referring to Japan as an aggressor in his speech on the twenty-seventh anniversary of the October Revolution. India's desire for exchange of representatives with Russia was taken up in earnest after a cursory dismissal of the demand in Parliament. British diplomacy opened a flanking movement by encouraging the Arabs at the expense of the Zionists—with the option of championing them at will—and keeping a foot in Ethiopia under a new agreement. Spain seemed to offer a further ground for hunting, but Franco could rely on Mr. Churchill's compliment to him as a gentleman.

The repercussions of Allied policies in Asia were felt effectively in China. Stilwell's differences with Marshal Chiang Kai-Shek led to his recall and the recall led to a terrific Press campaign particularly in U. S. against the Chungking Government. The Marshal's sympathies with Indian aspirations were too fresh in Indian minds, and without seeming to judge the internal affairs of China, Indian opinion seemed bewildered at this *volte face* of the Allies. The Big Four were already shrinking to the Big Three and if the U. S. and British Governments followed the attitude suggested by their press correspondents, Asia would react in a way that would jeopardize Allied chances of a victory over Japan. While India had no place in Allied councils, she would not like to see China relegated from the position of an ally to that of a mere decorative adjunct. If there were ever illusions about Allied intentions, 1944 was a year of disillusionment in India. The ending of the war and the transition from war to peace seemed to have become more difficult.

## AGREEMENTS ENTERED INTO BY INDIA WITH OTHER COUNTRIES

*Indo-Canadian Mutual Aid Agreement*

It was announced on November 28, 1944, that a Mutual Aid Agreement had been concluded between Canada and India. The agreement was signed in Ottawa by Sir Girja Shankar Bajpai, Agent-General for India in the U. S. A., on behalf of the Government of India, and by the Prime Minister, Mr. Mackenzie King, and the Hon'ble Mr. C. D. Howe on behalf of the Government of Canada.

The Agreement is identical in its contents with previous Mutual Aid Agreements concluded by Canada with the Government of the United Kingdom, Australia and New Zealand, the Provisional Government of the French Republic, and the Soviet and Chinese Governments.

A large part of the supplies of motor transport required for the Indian Army is being furnished by Canada and it is expected that the war supplies to be furnished to the Government of India in accordance with this Mutual Aid Agreement will consist of automotive equipment (i.e., motor vehicles and material connected therewith) for the military forces in India.

*Aviation Agreements*

The Chicago Aviation Conference, 1944, reached several international agreements. India has signed the following documents:—The Final Act, the Convention on International Civil Aviation, the Interim Agreement on International Civil Aviation, the International Air Transit Agreement.

The Final Act is merely a record of the work of the Conference from 1st November to 7th December, 1944.

The Convention reaffirms the sovereignty of each country over the air space above its territory and confers, as between the contracting States, the privilege of freedom of flight for all civil aircraft not engaged in scheduled air-transport services. It reserves all rights not only in regard to internal air transport but in regard to the operation of scheduled international air transport services to, from and across the territory of any State.

This Convention, however, does not come into force until it has been ratified by the Governments of the signatory countries and it is necessary that 26 countries should ratify the Convention before it becomes effective. (52 countries attended the Conference.) As some time, therefore, must elapse before the main Convention can come into force, an Interim Agreement has been adopted setting up an interim civil aviation organization with certain preparatory and other functions and incorporating a number of common regulatory provisions for international flight. This Agreement can be accepted by Governments through their powers of executive action and could therefore become effective at an early date, thus enabling international air transport to develop and function soon after the end of the war. The interim civil aviation organization consists of an Assembly in which each signatory State will have one representative and a Council of nominees of 21 States.

The International Air Transit Agreement provides for the grant of the freedom of flight across the territory of a State and the freedom of landing for non-traffic purposes. The Interim Agreement and the Transit Agreement will not become binding on any country until confirmed by its government by notification to the United States Government.

### ASSOCIATIONS IN FOREIGN COUNTRIES INTERESTED IN INDIA

#### i. *The Sino-Indian Cultural Society, Chungking and Santiniketan*

The first steps towards organizing the Sino-Indian Cultural Society were taken in China (in Nanking) in 1933; actually, the Society was inaugurated in India in 1934, and then in China in 1935. The present headquarters of the Society in China is Chungking; in India, Santiniketan.

The object of the Society is 'to study the Mind of India and China with a view to an interchange of their cultures and cultivation of friendship between the people of the two countries for the purpose of promoting peace and unity in the world.' This object is sought to be achieved by organizing Indian cultural delegations to go to China and Chinese cultural delegations to come to India for research work; organizing delegations to deliver lectures on Indian and Chinese cultures in India and China; recommending Indian students for studying Chinese culture in China and Chinese students for studying Indian culture in India; establishing a Sino-Indian or Indian Institute in China for Indian and Chinese students and scholars, and an Indo-Chinese Institute or Chinese Hall in India for Indian and Chinese students and scholars; publishing books and journals and opening a Sino-Indian Publishing House; founding a Sino-Indian Library and Museum; and making arrangements for receiving, guiding and accommodating Indian visitors to China and Chinese visitors to India.

On account of the vicissitudes of war, the Chinese branch of the Society has not been able to go ahead with its programme of work; it has, however, helped to send three Chinese Missions to India in recent times—the Buddhist Mission in January-February, 1940, the Goodwill Mission in December, 1940, and the Cultural and Educational Mission in March-April, 1943; it has also arranged a few lectures and meetings at Chungking. Plans for starting a library and an institute are said to be under preparation.

The Indian branch of the Society has also helped to send students from India to China and from China to India for studies. It has published a number of bulletins and pamphlets such as *China and India* and *Buddhism in China Today*. Its most important achievement has been the establishment of the Visva-Bharati Cheena-Bhavana, a department of the famous International University at Santiniketan with one and a half dozen workers including Professors, research staff and students. This department provides courses in (1) languages including Chinese, Tibetan, Sanskrit, Pali, Hindi, Bengali and other modern Indian languages; (2) Buddhism including Chinese, Indian and Tibetan; (3) Other religions including Hinduism,

Jainism, Confucianism and Taoism; (4) Philosophy including Indian and Chinese; (5) Literature including Chinese and Indian; (6) History including Chinese and Indian; and (7) Cultural studies including Chinese and Indian, both ancient and modern. It has a well-equipped library of about two hundred thousand volumes of Chinese and Indian books.

Educated Indians and Chinese, irrespective of sex or creed, who agree with the object of the Society and who take an ardent interest in the study of the cultures of India and China, are eligible for membership.

The office of the Society is at Santiniketan, Bengal, and all enquiries should be made to the General Secretary at that address.

## REVIEWS AND NOTICES

### INTERNATIONAL AFFAIRS

**U. S. FOREIGN POLICY.** By Walter Lippmann. 1943. Reprinted 1944. (London: Hamish Hamilton. 6 s net).

**U. S. WAR AIMS.** By Walter Lippmann. 1944. (Boston: Little, Brown and Co.)

About two years ago Mr. Walter Lippmann, perhaps the ablest publicist of recent years in the United States, published a book, *U. S. Foreign Policy*, which created a major sensation among intellectual circles in that country,—for it was a vigorous attack as much on the isolationism of large sections of the Republican Party as on the internationalism of the League of Nations type advocated by the Democratic Party ever since the time of President Wilson. And, as Mr. Lippmann belonged to the latter school of thought during the last war and the peace-making period following it,—he was on President Wilson's staff in Paris,—the book was an act of public repentance as well. In his new book, *U. S. War Aims*, he has returned to the same subject, but with greater elaboration on what should be done in the future than on what was (or was not) done in the past, and with greater reference to the policies, as they should be, of all the Great Powers and not merely of the United States. It need hardly be said that the new book also shows all the characteristic qualities of Mr. Lippmann's writing,—breadth of view with acuteness of thought, and clarity of style with brilliancy of phrase. Whether one agrees also that his assumptions are correct or his proposals wise is another question.

Mr. Lippmann's argument can be simply and easily stated. Readers of the books and students of international politics in India will naturally be more interested in what he has to say about world politics in general than about U. S. policies as they were in the past or as they should be in the future. So it is enough to say as regards the latter, that Republican isolationism is argued to be inconsistent with the party's own recognition of U. S. interests outside the western hemisphere, as in the Philippines, and even in the safety of Britain and the western sea-board of Europe from German domination. It is also argued to be a departure from, and not, as usually imagined, a continuation of, the foreign policy of the Founding Fathers. And if Monroe, who

warned Continental Europe off Latin America, must be reckoned a Democrat, McKinley, who openly announced U. S. interest in the integrity of China, within two years, significantly, of the annexation of the Philippines, was certainly a Republican. However, more important, from a wider angle, is the criticism in the two books of the policies of Disarmament, Collective Security through a League of Nations, and even Peace and Self-determination, which have been the leading planks on the international platform of all Wilsonian Democrats since the last war and peace. In Mr. Lippmann's view now, these have been even more mistaken than Republican isolationist attitudes. The isolationists, at their worst, can only be said to have had inconsistent policies, or rather, to have omitted to have any policies whatsoever. The internationalists, at their best, have been responsible for actual errors of commission when their policies weakened the victorious Great Powers and ended the war-time alliances among them when only their power and their alliances could have assured peace in the world. The criticism is of general interest because it applies equally to internationalists everywhere, whether supporters of the League of Nations in its day, or recent advocates of regional federations like an Anglo-American or a European one, or even the authors of the Dumbarton Oaks Plan of a United Nations Organization after this war. Back to Clemenceau!—the author would say to them all. Wilson's policies were prejudices formed in America's Age of Innocence in the nineteenth century; they even assumed that the world was about to do in 1919 what the thirteen ex-colonies did in 1789.

And so the foreign policy which the U. S. A. and the world will need after this war is a continuation of the present alliances of the U. S. A. and Britain with Russia on the one hand and China on the other, a nuclear alliance, as Mr. Lippmann calls it, within any kind of world-order, an alliance especially of the U. S. A., Britain and Russia; for China is bound to remain much weaker than the others for quite some time. One group has a fundamental interest in the prevention of a third German aggression, the other of a second Japanese one. And among themselves they have only superficial interests which conflict. With such alliances, the war-parties in Germany and in Japan may be extinguished and the peace-parties protected during the critical fifteen or twenty years following the war, and in no other way. For the cases of France after 1815 and 1871, or of Germany after 1918, and of Russia after 1917 show that defeated or exhausted nations recover in about that time, though it is likely that Germany and Japan have reached the height of their capacity as world-powers and must now yield place to Russia and China respectively. But, as long as there are the widest possible disparities in the power and in the interests of the seventy odd States of the world, no world-organization of the League of Nations type can assure international peace. A world-council may be necessary for economic and social purposes, even for the supervision and the development of colonies; but a world-government is impossible for maintaining security. It may be said that there are also smaller States in the world, not merely the Great Powers. Well, the only possible future for them is the development of a Good-Neighbour relation-

ship between the Big Brother and the little ones of each region on the lines already developed in principle on the American continent between the United States and the Latin American States, the Big Brother guaranteeing protection and the little one supplying the necessary strategic bases instead of following a futile policy of neutrality or balance.

From this last point of view, Mr. Lippmann thinks, the world falls into three distinct regions today, and five ultimately. One includes the U. S. A. and the rest of the Americas, Britain and the Dominions, and southern and western Europe, including a demilitarized Germany. This may be called the Atlantic Community. A second is the Russian Orbit, consisting of the U. S. S. R. and its neighbouring States in central Europe and the Balkans. The Chinese Orbit is the third one, and within it are Indo-China, Burma, Thailand and Malaya, including a demilitarized Japan. And in the more distant future there will be similar Hindu and Muslim Orbits. These are the great historic communities and should be the real units of any world-order, neither nations on the one hand nor all men on the other. But though distinct, they are also interdependent. As the former, they must not interfere in one another's regions, and as the latter, they must co-operate among themselves. For there are unpleasant possibilities of conflict on the borderlands of regions as well, not merely of the great States. Even now, the growing political consciousness of the peoples living between Russia and China is creating problems for both States. And in the future as the Asiatic States and peoples develop their full potentialities, we cannot say what problems will not arise for the world. However, that future should take care of itself; and meanwhile, among the four great Allied Powers and their orbits, there are no major conflicts of interest.

This is the prophecy which events announce. Whether we now hear it gladly, or think away from it suspiciously, it will yet come to pass.

With some of what Mr. Lippmann says most readers will readily agree. Thus it is certainly true that a country's foreign policy must be adequate to its interests. And so, if the Republican Party in the U. S. A. wants to keep the Philippine connexion, an isolationist policy will not do. The honours of the controversy are also with Mr. Lippmann in his truly illuminating interpretation of the real principles of the Founding Fathers (or their successors like Monroe and McKinley), and his exposition of the world-order of the mid-nineteenth century when, before the rise of Germany and Japan about 1900, British power on the seas saved the U. S. A. the need to have a foreign policy at all.

But, on other and more vital questions there will certainly be grave doubts as regards the correctness of his analysis and the wisdom of his proposals. He regards the five international communities mentioned above as the true units, actual or potential, of a future world-order. But, to take only one of them (an actual one and surely the most important one for long), the so-called Atlantic Community, how far can its forty odd States, so widely different in power and geographically so far apart, be regarded as a single group in any real or practicable sense? The group, it will be remembered, includes the

U. S. A. and Britain, France and Italy, the Dominions from Canada through South Africa to New Zealand, the Latin American States and European States from the North-west through Switzerland to Greece. Mr. Lippmann stresses their common background in Greco-Roman civilization. But he does not even pause to consider differences arising out of language, political traditions and sectarian differences. He is right in thinking (one should perhaps say 'feeling'), that no federation is possible in such a group.. He speaks in terms of Good Neighbourhood, and even Organic Consultation and respect for the rights of small States. But, where does federation end and Organic Consultation begin? And who is to be whose Good Neighbour? As far as one can see, he means that the U. S. A. will police the western hemisphere, and Britain should do the same for western and southern Europe, as well as the areas of South Africa, Australia and New Zealand. Even if we consider only Europe in this connexion, the idea is absurd that Britain can do it or that France or Germany will ever consent to be relegated to such a position, even if smaller States will. And in any case, there are already two sub-orbits, one around the U. S. A., the other around Britain, within the same Atlantic Community. The same difficulty arises in principle when one considers the way in which the Russian and other Orbits are likely to function. So much for the internal affairs of these Orbits. As regards their external relations, Mr. Lippmann can see an ultimate difficulty between the Russian and the Chinese Orbits when the Asiatic peoples on their borders reach the full heights of their possibilities. But even in the immediate future he can see no important complications arising out of the fact that in his scheme Germany falls within the Atlantic Orbit but Poland is in the Russian, and Greece falls within the former but Yugo-Slavia is in the latter.

Further, in the immediate future, he regards the U. S. A., Britain, and Russia to be so far apart as to have no conflicting interests above their common one in keeping the German war-party down. But he forgets the possibilities of economic rivalry, especially in the context of a politically declining Germany. All he is prepared to consider are little matters, like an effective Bill of Rights in Russia, pills to cure earthquakes.

In short, within the orbits or between them, the plan is altogether too neat and tidy. Complications are always recognized, but they are also always under-emphasized. St. Paul's vehemence is said to have made shipwreck of his grammar; Mr. Lippmann's sends to the bottom of the sea all inconvenient political and economic facts. And here one cannot but mention an unfortunate tendency in so able a writer to manipulate concepts in the interests not only of a simple plan but also of an epigrammatic style. 'An international policy must be based on agreed principles, but they must also be agreeable'; 'the Open Door is only a short name for the American way of life'; 'to end the struggle for power we must not make the nations powerless'; 'the moral order of 1919 to 1939 was a moral frustration'; and (miracle of miracles in an American politician) 'Wilson forgot we are men and thought we are Gods'. As Lord Acton said once of a historian of the French Revolution, it is very doubtful if the truth can be told in such language.

Finally, the author admits the need for an alliance of the U. S. A., Britain, Russia and China after this war. But why should it not be *within* a revived, but suitably modified, League rather than *outside* it? Mr. Lippmann says that the U. S. A., Britain and France should have continued their alliance after the last war. But if they had done so, and the U. S. A. had entered the League, might the peace of the world not have been preserved? We do not mean that the constitution of the League could not have been improved, as for example by giving the Great Powers greater rights within the organization, or that all of President Wilson's ideas were good, for example, his opposition to regional groups. But, was the major fault with ideals like Peace, Collective Security and Disarmament, or with the U. S. A., France and Britain in not seeing where their true interests lay? Mr. Lippmann, so logical in carving up one world into five Orbits, is certainly not so logical in mixing up the different aspects of the last peace settlement. And if this is so, the Dumbarton Oaks Plan seems a better one than his for world-peace. For that plan gives special rights to the Great Powers and a special place to regional groups within, and not without, the new organization. At least one reader of these books has come to have greater respect for the fundamental principles of President Wilson exactly through a consideration of the criticisms of them and the proposals alternative to them.

For the rest, one notes a curious contrast between 1918-1920 and now. Then, the best thought of the time was ahead of the ideas of those engaged in the rough and tumble of politics. Today, it tends to be, as these books and some others too show, behind them. And when that is so, how much better can the new world really be?

V. K. N. MENON

#### FOREIGN BOOKS ON INDIA

INDIAN CRISIS, THE BACKGROUND. By John S. Hoyland. 1943.  
(London: Allen and Unwin, 7s. 6d.)

INDIA SINCE CRIPPS. By Horace Alexander. 1944. (London: Penguin, 9d.)

We welcome Mr. Hoyland's book as a good introduction to India. Mr. Hoyland does not forget that famine is an enemy never far out of sight in India. He also gives an effective reply to the usual gibes about the Indian communal divisions and the existence of the Indian States. He successfully shows that the failure of Cripps' proposal in 1942 was due, neither to any machinations nor to the communal divisions among Indians, but to three radical defects 'which would have led inevitably to the Balkanization of India and to a period of fierce and protracted civil war.' (p. 90). He also shows that the Indian States have been backed by the British on the same principles on which imperialists from the time of Romans to that of the Japanese have depended for the continuance of their power, that is as 'reactionary elements which profit by the existing imperial relationship.' (p. 93). His summing up on page 192 leaves little to be desired, but it is a pity that such a fine book should be somewhat marred by religious prejudice and imperfect knowledge

of Indian history. If Sir Fredrick Whyte is inclined to be rather harsh on Hinduism, Mr. Hoyland has shown a tendency of bias in his discussion of Islam. Is it historically correct that Muslims automatically became the allies and helpers of the British in India? (p. 25). On the contrary, history tells us that they non-co-operated with the British for more than a century and resisted the spread of British influence and power by every means at their disposal. Mr. Hoyland is evidently misled by the usual British histories of India when he refers to the middle ages as a period only of barbarous conquests and despotic rule of a long succession of invaders from Central Asia. As already indicated above, this period was on the contrary marked by an efflorescence of the human spirit in poetry, painting, language and architecture that has few parallels in history. Mr. Hoyland's religious bias becomes most pronounced when he suggests the substitution of Islam by Christianity as a solution of the problem of untouchability in India. Many would hold that economic improvement and spread of education are the first steps towards political democracy and economic socialism which are essential for an improvement in the conditions of life of the exploited classes in India and elsewhere. Mr. Hoyland thinks that substitution of Christianity in place of Hinduism or Islam is the only solution, and this in spite of his own admission that 'Islam has succeeded, where Christianity and the other great religions have failed, in creating an effective and equal brotherhood of believers' (p. 123).

Horace Alexander's *India Since Cripps* is a book which no student of Indian affairs can afford to overlook. Mr. Alexander has tried to be fair to both Englishmen and Indians. At times, the effort to hold the scales even is so intense that he will satisfy neither the ardent nationalist nor the confirmed imperialist. Nevertheless, his study of the Cripps Mission in retrospect remains one of the most serious attempts to understand the reasons for the failure of that much advertised offer. His study of the conflict of August, 1942, is equally revealing. One only wishes one could share his optimism that Lord Wavell will take the opportunity which fate has offered him and persuade the British governing classes to make that gesture which could transform Indo-British relation from one of political domination into one of 'partnership, not only in economic and political affairs, but still more in the attitude of mind that each people adopts towards its neighbours.' (p. 92)

HUMAYUN KABIR

INDIA—AN AMERICAN VIEW. By Kate L. Mitchell. 1943. (London: John Lane, Bodley Head. 10s. 6d. net.)

There are few books on India, especially those written by foreigners, which display such a correct understanding of the Indian people, their problems, their hopes and fears, as Mitchell's *India*. She asks, and answers convincingly, such questions as the following: How does it happen that India, which has a large population and abundant natural resources, is yet so powerless and poor? What does India mean to Britain—an asset or a liability? What are the real forces behind the nationalist movement of the last twenty-five years,

and why has it failed to achieve its objective? What is the communal problem in India? Why did the Indian people reject the Act of 1935, and later the Cripps offer, which according to British, and some Indian, spokesmen conferred the substance of freedom on India? In answering these and similar questions, she has probed deep into India's history, economics and politics, and has understood them in a world setting. With critical insight she blames both the British and Indians in matters in which she believes they have gone wrong. The result is that we have the best short account of India which one could recommend to the British and Indians alike—and of course to Americans for whom the book was primarily written.

It is impossible in a short review to state all the points made in this excellent book, but the general trend of Miss Mitchell's discussion may be illustrated: Referring to the oft mentioned lines of division among the Indian people—language barriers, the caste system and communal conflicts—she says: Language barriers and illiteracy are obvious handicaps in the development of democratic government in India, but these obstacles should not be overestimated, because political ideas can and are spread widely by means of the spoken word: a Chinese resident of Peiping cannot understand a Cantonese, but this fact has not prevented the growth of a common feeling of unity and national consciousness; the existence of more than eighty languages and dialects in the Philippines has not prevented the attainment of responsible self-government for the Filipino people; further, notwithstanding official figures, in actual practice, the language problem of India is a problem of nine, or at most twelve, main languages belonging to two broad groups: Indo-Aryan and Dravidian. Hinduism and Islam are utterly dissimilar religions, but 'religious differences cannot be considered the primary cause of communal conflict in its modern form,' and 'British rule has unquestionably played an important, if indirect, part in preserving divisions along religious lines and providing fertile soil for the growth of communal antagonism.' The Indian nationalist movement, if it is to achieve its goal of a united India, will have to keep out of its propaganda the flavour of Hindu revivalism and metaphysics. The cause of Indian poverty is not the rate of population growth, for the actual rate of increase has been markedly less than that of any European country: between 1880 and 1930, the population of England and Wales increased by 54%, while that of India by 32%. The real cause is that India has been a land of arrested economic development due to failure to develop industries as alternative sources of employment. On the defence of India, the British authorities have, in fact, placed themselves in the illogical position of saying that India could not be granted self-government because she could not undertake her own defence, and at the same time taking every precaution to make sure that the Indian Army under British control should be the only armed force in the country. Indisputably Britain has done a great deal for India by laying the basis for the development of a progressive modern economic structure, but it is equally true that the greater part of her industrial resources are undeveloped because of her colonial relationship to Great Britain. What does India mean to Britain? Mitchell quotes Churchill with effect: 'Two out of every ten Englishmen

depend on India.' On the nationalist movement: 'The political history of India since 1919 may, in fact, be characterized as Gandhi-led and Gandhi-misled'. On numerous occasions he has chosen the perfect moment and the perfect issue around which to organize a great popular campaign for Indian emancipation. Yet on each occasion Gandhi suddenly called off the campaign, or abandoned its leadership, and thereby caused the demoralization and retrogression of the nationalist movement,—and so on.

Only two corrections, which are rather matters of detail, are needed in this most stimulating book: the Indian States are more than 562 in number (601 according to the latest authorities); Mr. C. Rajagopalachariar is described as a fanatic Brahman; this is, to say the least, doubtful.

E. ASIRVATHAM

**THE PEOPLE OF INDIA.** By Kumar Goshal. 1944. (New York: Sheridan.  
\$ 3.00)

**REVOLUTION IN INDIA.** By Francis Gunther. 1944. (New York:  
Island Press. \$ 2.00)

**TWENTIETH CENTURY INDIA.** By Kate Mitchell and Kumar Goshal.  
1944. (New York: St. Louis Webster Publishing Company and Amer-  
ican Council I. P. R. 40 Cents.)

**VERDICT ON INDIA.** By Beverley Nichols. 1944. (London: Cape.  
12s. 6d.)

**INDIA AGAINST THE STORM.** By Post Wheeler. 1944. (New York:  
E. P. Dutton Co. \$ 3.50.)

#### ARTICLES ON INDIA IN FOREIGN PERIODICALS

##### *Cultural*

**NOTE ON INDIAN ART.** By Mechthild Nawiasky, *World Review*, Sep-  
tember, 1944.

Indicates the predominant influence of religion on Indian art, especially  
sculpture.

##### *Economic*

**INDUSTRIAL CO-OPERATION BETWEEN GREAT BRITAIN AND  
INDIA.** By R. W. Brock, *Asiatic Review*, October, 1944.

Mr. R. W. Brock welcomes the Bombay Plan and denies that industrializa-  
tion of India would prove prejudicial to Britain. On an analysis of the  
various Indian reconstruction projects formulated to date, he comes to the con-  
clusion that, while their completion may prejudice a few British exporting  
industries, there will on the whole be a substantial recovery in total U. K.  
exports to the Indian market. Normal trade between India and Britain will  
be substantially supplemented through the marriage of India's sterling balances  
to the large-scale reconstruction projects and, in his opinion, at least £ 50  
million worth of exports should be annually available for the next decade from  
this source alone. It is suggested here that the debt incurred in payment

for goods and services can be repaid only in the same form; and hence Britain's large debt to India can be liquidated only by India taking as much as possible from Britain,—capital and consumer goods, technical and expert services—in preference to taking these from other countries.

**INDIA—SCIENTIFIC DEVELOPMENT OR DISASTER?** *By A. V. Hill, Asiatic Review, October, 1944.*

A survey of the related problems of malnutrition, deficiency diseases and food shortage. Indian industry, Hill observes, should serve the double purpose of providing the means of laying the firm foundations of a stable society by supplying the necessities of education, health and food, and then of providing all those things which civilized people desire for a better life. Stress is laid on the necessity of creating a sense of national purpose which will give initiative to the technical talent and drive to the planning programmes in India. After pleading that Indians should give up wrangling about politics and concentrate on social and economic problems, he concludes with the statement that the success or the failure of the plans now under contemplation in India is really a question of scientific development or disaster.

**DOUBLING INDIA'S AGRICULTURAL PRODUCTION.** *By Sir Albert Howard, Asiatic Review, October, 1944.*

A helpful examination of the Kharegat Plan of one thousand crores to double the production of the Indian soil within 15 years. Welcoming the plan as practicable and eminently desirable, Howard observes that the cost of the scheme 'can be materially reduced provided the active interest of the landlords and of the cultivators can be enlisted in the project.' His plan is to increase the yield of rice by a conversion of all vegetable waste, like the vast supply of water hyacinth so commonly available in the deltas of Indian rivers, and of all animal wastes into compost for the rice nurseries and for the transplanted crop. The nutritive value of rice can be improved by a very light milling of paddy. In regard to other food and money crops, their production can be increased by the supply of (1) more humus through the composting scheme now in progress in India and the reform of green manuring, (2) more water through the reform of canal irrigation and development of wells, and (3) more seed of better varieties.

**ECONOMIC PLANNING FOR POST-WAR INDIA.** *By B. Saklatwala, Asiatic Review, October, 1944.*

A summary of the Bombay Plan for Indian industrial development, together with a refutation of the British criticisms of the plan.

**VILLAGE MONEY-LENDERS IN INDIA.** *By John G. Hoyland, Contemporary Review, October, 1944.*

A good account of the social and economic effects of usurious money-lending in India together with an account of the measures taken by Congress Governments (when they were in power) to protect the interests of debtors.

# CHRONICLE OF IMPORTANT EVENTS

## INDIA, BRITAIN

**October 1, 1944** In an interview to the NEWS CHRONICLE Mahatma Gandhi explained the primary reason for the failure of his talks with Mr. Jinnah: that he could not agree to partition without a plebiscite.

**October 4, 1944** At a Press Conference Mr. Jinnah said that the Gandhi-Rajaji formula did not meet the Muslim League demand.

Dr. Ambedkar issued a statement to the effect that any political agreement must be tripartite, the Scheduled Castes being the third party.

In a communication to the Governor of Ceylon, the Government of India expressed their willingness to negotiate with the Ceylon Government on the question of the status of Indians in Ceylon.

**October 5, 1944** Mr. Amery told the Commons that he could not see any reason for releasing Pandit Nehru and other national leaders who had made no response to the Viceroy's invitation of February last to abandon the policy of non-co-operation.

At the second session of the U.N.R.R.A. Council, India's membership on the Administration's Committee on Supplies was unanimously approved.

**October 6, 1944** The Burmese Refugees Association in India issued a statement advocating regulation of Indian immigration into Burma after its re-occupation and contradicting the impression still widely held in India that, under the Indo-Burma Immigration Agreement of 1941, Indians had been singled out by the Burmese people for the imposition of immigration restrictions.

Prof. Arthur Berriedale Keith, authority on Empire Constitutional problems, died at Edinburgh at the age of 65.

Sir Frederick Leith Ross disclosed at a Press Conference in London that India had been admitted as a nation entitled to relief from the U.N.R.R.A.

**October 10, 1944** Mr. Attlee made it clear in the Commons that Britain's mutual aid agreement with the United States to work for the elimination of all forms of discriminating treatment in international commerce was qualified by an understanding that Britain was not committed to the abolition of imperial preference.

**October 11, 1944** The India Miscellaneous Provisions Bill, which makes minor amendments to the Government of India Act, 1935, was passed: one of its provisions enables the Governor-General to pay frequent visits to London.

**October 24, 1944** In a statement on its India policy, the Commonwealth Party in Britain pleaded for Indian independence, release of all political prisoners, and transfer of political power to India's national leaders.

**October 26, 1944** Addressing the first meeting of the Industries Policy Committee in Bombay, Sir Ardesir Dalal, the Member for Planning and Development, declared it was proposed to set up organizations both in the United States and United Kingdom, and possibly elsewhere, to help Indian industrialists in securing capital goods.

**November 4, 1944** The Government of India imposed on South Africans in India the same disabilities on entry, residence, trade, acquisition, the holding and disposal of property, and local franchise as had been imposed on Indians in South Africa.

**November 6, 1944** The Indian Legislative Assembly passed without division a motion asking that powers under the Reciprocity Act be applied against South African nationals in India, that the Indian High Commissioner in South Africa be recalled and that economic sanctions be imposed against South Africa and East Africa.

**November 7, 1944** Geoffrey Dawson, Editor of the London Times from 1912 to 1919 and from 1923 to 1941, died at the age of 70.

# CHRONICLE OF IMPORTANT EVENTS

99

**November 9, 1944** It was announced that all just claims made by the Netherlands Government against Germans for territorial compensation would be given the energetic support of the British Government.

**November 19, 1944** Sir Tej Bahadur Sapru, Chairman of the Indian Non-Party Leaders Conference, announced the appointment of a Conciliation Committee to examine the communal and minorities question from a constitutional and political standpoint.

**November 22, 1944** Sir Arthur Eddington, the great British astronomer and physicist and a leading authority on applications of Einstein's theory of relativity, died.

**November 27, 1944** The Commander-in-Chief in India set up a Reorganization Committee of experts under the chairmanship of Lieut.-Gen. M.B.D. Willcox, to carry out a preliminary investigation of India's defence requirements after the war and to make detailed recommendations regarding the size, composition and organization of the future army in India.

**November 28, 1944** The conclusion of a mutual aid Pact between India and Canada was announced.

**November 30, 1944** Mr. Churchill announced in the Commons that a new lend-lease agreement had been signed with the United States under which the lend-lease supplies to Britain from the United States would be reduced by about half after the defeat of Germany.

**December 4, 1944** The members of the Standing Committee of the Indian Chamber of Princes resigned; it was clear from subsequent correspondence that the resignation was primarily a protest against the attitude adopted by the Political Department in regard to what the Princes considered a 'unilateral' revision of treaties between them and the Crown.

**December 7, 1944** As a sequel to Mr Jinnah's talks with the Sind Premier, Mr. Roger Thomas, the first European to be appointed a Minister in India, resigned from the Sind Cabinet and was appointed Adviser to the Sind Government for Agriculture and Reconstruction.

**December 9, 1944** Replying to the Nizam's

speech at a State banquet, Lord Wavell declared that if the Indian States were to play their proper part in the future Indian polity, they must develop healthy and vigorous constitutional governments in their own territories.

**December 11, 1944** At the Annual Labour Party Conference it was decided that British Labour was to stay in the Coalition Government until the war was over.

**December 14, 1944** Addressing the Associated Chambers of Commerce at Calcutta, the Viceroy of India declared that, after the previous rejections of the two offers, the Government of India Act 1935 and the Cripps Mission, Britain was chary of making another offer to India, but that their desire for a solution remained perfectly genuine. He welcomed the Conciliation Committee move for further discussion of the problem.

Mr. Jinnah wrote to the President of the Conciliation Committee that he was unable to comply with his request to meet and discuss with him on the work of the Committee.

**December 15, 1944** At the British Labour Party Annual Conference in London, the delegates, in defiance of the Executive who opposed it, carried a resolution on India which called for the release of Indian political leaders to facilitate negotiations to end the deadlock.

**December 16, 1944** It was announced by Sir Ardeshir Dalal that 29 panels were being established in India to consider the expansion of all important industries, especially those dealing with power, engineering and the manufacture of machinery.

**December 21, 1944** The appointment of Sir Archibald Rowlands as member of the Viceroy's Executive Council in succession to Sir Jeremy Raisman, the Finance Member, (whose tenure of office expires in April 1945) was announced.

**December 24, 1944** Presiding over the 26th Session of the All-India Hindu Mahasabha, Dr. Shyamprasad Mukherjee declared: 'If no peaceful settlement can be achieved, a political struggle on a gigantic scale, involving the fate of millions

## CHRONICLE OF IMPORTANT EVENTS

of our countrymen, will become inevitable.

**December 27, 1944** The retirement of Mr.

Lloyd George from Parliament after 54 years of continuous service was announced.

**December 29, 1944** The Non-Party Conciliation Committee held its first meeting in Delhi, and appointed 4 sub-committees (1) to discuss the general basis of the

### SOUTH EAST ASIA AND AUSTRALIA

**October 3, 1944** After Mr. Amery's statement that the Royal Commission coming out to Ceylon would consult the minority communities on the question of constitutional reforms, the Ministers withdrew their draft scheme.

**October 19, 1944** The Allies landed in the Philippines.

**November 7, 1944** Reviewing the work of the Conference between representatives of the Governments of Australia and New Zealand, Mr. Fraser said that both Governments were anxious to promote a Regional Commission in the South Sea area for pooling experience and furthering the welfare of dependent peoples.

**November 15, 1944** In an editorial on the future of Burma, the London *Times* wrote that a detailed official pronouncement regarding Burma's future was already overdue and that Burmese national sentiment would be content with nothing less than the Cripps offer to India.

A plan for the post-war reconstruction of Burma after British reoccupation prepared by the Imperial Affairs Committee of the British Conservative Party was published. It provided for a six year transition period and Dominion Status later, subject to a treaty on defence, external affairs and compensation for British firms.

**November 19, 1944** The personnel of the Ceylon Reforms Commission was announced: Lord Soulbury (Chairman), Mr. J. F. Rees, Mr. F. J. Burrows and Mr. Trafford Smith.

**November 24, 1944** The Ceylon State Council passed by 26 votes to 3 a private mem-

constitution with special reference to Hindu-Muslim relations, (2) to deal with Scheduled Castes, (3) to deal with other non-Muslim minorities and (4) to consider economic and financial aspects of the future constitution.

**December 30, 1944** A considerable area of northern England was shaken by a severe earthquake early in the morning.

ber's motion directing the Ministers to introduce forthwith a bill providing for a constitution of the dominion type for free Ceylon.

**December 12, 1944** In the Commons Mr. Amery reiterated the pledge he had given in April 1943—that the British Government's aim was to assist Burma to attain complete self-government as soon as circumstances permitted and that the circumstances of the time did not allow a more precise statement.

**December 18, 1944** In pursuance of the resolution passed by the Ceylon State Council directing the Board of Ministers to prepare a 'constitution of the recognized dominion type for free Lanka', a draft Reform Bill was gazetted. It followed the lines of the draft constitution submitted to the Secretary of State and later withdrawn, but omitted the limitation, set in H.M. Govt.'s 1943 declaration, viz., the sections dealing with the Governor-General's special powers relating to defence and external affairs. No change was proposed in the method of representation to the Legislature.

**December 19, 1944** Lieutenant-General Raymond A. Wheeler, U.S. Deputy Supreme Commander, S.E.A.C., said: 'The magnificent campaign of Indian divisions down Tiddim Road and across Chindwin river, coupled with the accomplishments of Indian Supply Units, is one of the major factors contributing to success of present Burma drive.'

**December 22, 1944** The Soulbury Reforms Commission arrived in Colombo.

# CHRONICLE OF IMPORTANT EVENTS

101

## THE FAR EAST

**October 10, 1944** Marshal Chiang Kai-Shek in a public statement admitted that China's military situation was serious.

**October 28, 1944** The recall of Gen. Stilwell, Commander-in-Chief of the U.S. Ground Forces in India, China and Burma, was announced.

**October 29, 1944** In a broadcast, Admiral Nimitz, Commander-in-Chief of the U.S. Pacific fleet, said that the Japanese had been routed completely in the battle of the Philippine Sea.

**November 10, 1944** Mr. Wang Ching-Wei, President of Nanking China, died at 62, and his deputy Mr. Cheng Kung Po succeeded him as Acting President.

**November 12, 1944** Speaking on the occasion of the 50th anniversary of the birth of the Kuomintang, Marshal Chiang said: 'At this moment, when we have not yet recovered our lost territories.... our nation should continue to fight Japan. We believe that after this war there will emerge an effective guarantee for international peace and security and means will be found for economic co-operation and mutual help among nations.'

**November 18, 1944** It was revealed that an oil pipe line four to six inches in diameter was being laid from India through

Burma into China; about 800 miles of pipe line of the 1800 miles projected had been laid so far.

**November 20, 1944** A Cabinet reshuffle in China was announced involving eight posts.

**November 23, 1944** Gen. Wademeyer, who succeeded Gen. Stilwell, announced in Chungking that Marshal Chiang had accepted the general concept of the plan he had submitted for disposing of the Chinese forces to meet the Jap threat.

**December 3, 1944** The Soviet government organ *Izvestia* urged democratization of the Chinese government and declared 'The Chinese Communist Party which controls over half of the regular troops and over two million guerillas is a big political force in the country and it cannot be ignored'.

**December 19, 1944** The Japanese Minister of Munitions resigned for reasons of health and was succeeded by Joshida, the former Minister of Social Welfare.

**December 23, 1944** It was reported that the Chinese Communists' proposals for a Coalition Government and a United Military High Command had been rejected by Marshal Chiang.

## THE NEAR EAST AND MIDDLE EAST

**October 5, 1944** The Arab Conference reached some measure of agreement on questions of communications, culture, education, legislation and Palestine.

**October 7, 1944** The Arab Conference ended. Egyptian Premier Nahas Pasha announced that a protocol had been signed by Egypt, Iraq, Syria, Lebanon and Transjordan constituting a league of Arab countries to safeguard their independence and integrity; there was to be a Council on which member countries would be represented on an equal footing.

**October 8, 1944** King Farouk dismissed the Egyptian Cabinet under Nahas Pasha and called upon Ahmed Maher Pasha, to form the new Cabinet.

**October 9, 1944** Aly Maher Pasha and Makram Ebeid Pasha ex-Ministers who had been imprisoned in July and April

1942 respectively, were released.

**October 9, 1944** A new Coalition Cabinet of 13 under Ahmed Maher Pasha was finally approved by King Farouk, composed of four Saadists, four Independents, four Liberals and one Nationalist.

**October 12, 1944** Several Egyptian political internees, most of them arrested by Nahas Pasha for internal political reasons, were released by a decree of the new Premier Ahmed Maher Pasha.

**October 21, 1944** The Persian Government decided for the time being not to grant any fresh oil concessions to foreign undertakings and to postpone negotiations concerning them until after the war.

**October 30, 1944** The Persian Prime Minister detailed the reasons why the Persian Government had refused the Soviet request for immediate oil concessions in

## CHRONICLE OF IMPORTANT EVENTS

North Persia. They were: (1) So long as foreign troops were in Persia, public opinion would consider any concession as granted under duress; (2) the economic condition of the world was not clear; (3) the Oil Conference in Washington left the situation in doubt; and (4), all reports from Persian representatives abroad urged that no concession should be granted until after the war.

**November 6, 1944** Lord Moyne, the British Resident Minister in the Middle East, was shot dead in Cairo.

**November 10, 1944** The Persian Cabinet tendered its resignation to the Shaw due, it was said, to the disagreement which had arisen between the Persian and Soviet Governments following the Persian Government's refusal to grant the Soviets oil concessions during the war.

**November 13, 1944** King Farouk of Egypt signed a decree dissolving the Egyptian Parliament.

**November 21, 1944** The Shaw of Persia asked M. Bayat to form a new Cabinet.

**November 22, 1944** Sir Edward Grigg suc-

ceeded the late Lord Moyne as British Resident Minister in the Middle East.

**November 29, 1944** The five-point programme of the new Persian Cabinet of M. Bayat was published: the establishment of relations with all friendly countries, maintenance of the security of Iran, new agricultural and economic programmes to create employment, compulsory education and a new labour law to give better conditions to the working classes, improvement of living conditions and preparation of public health plans.

**December 1, 1944** Nahas Pasha announced that the Wafd Party, of which he was the leader, would not take part in the coming Egyptian general elections.

**December 2, 1944** Opening the Iraq Parliament in Baghdad, the Regent announced the establishment of diplomatic relations and exchange of diplomatic representatives with the U.S.S.R.

**December 8, 1944** The Afghan Military Mission, sponsored by the Allies and led by the Chief of the Afghan General Staff, arrived in Delhi to study Indian Army methods.

## THE BRITISH DOMINIONS AND COLONIES

**November 14, 1944** In regard to the question of asylum to the war criminals, the Irish Government replied to the British note that they could give no assurance which would preclude them from exercising their right to grant asylum should justice, charity or the honour or interest of the nation so require.

**November 17, 1944** A committee of officials advised the Australian Government to refuse permission for the establishment of a Jewish settlement in north-western Australia. It recommended that all

immigrants should be settled under conditions encouraging them to merge with the native-born population.

**December 5, 1944** In his note to the Natal Indian Congress, Gen. Smuts stated that the Union Government had decided to advise that assent to the Residential Property Regulation Ordinance be reserved. He added that the Pegging Act remained temporarily unrepealed and in force, while other ways of settlement were being explored.

## AFRICA

**October 18, 1944** It was announced in the Commons that it was proposed to set up a Central African Council covering Sou-

thern and Northern Rhodesia and Nyasaland, together with a permanent secretariat.

## AMERICA

**October 8, 1944** Mr. Wendell Willkie, who was suffering from streptococcal infection, died of coronary thrombosis at 2-20 A.M.

**October 20, 1944** A revolutionary military Junta effected a military coup in Guatemala. Major Francisco Arana, Captain Jacob Arbeuz and Senor Jorge Torielli

headed the Government.

**November 2, 1944** Edward R. Stettinius, U. S. Under-Secretary of State, said that the U. S. was in favour of postponing the question of any new oil concessions in Iran until the end of the war.

**November 7, 1944** President Roosevelt was elected for the fourth term by 432 electoral votes to Dewey's 99.

**November 10, 1944** Drew Pearson, the New York *Daily Mirror* Columnist, published William Phillips' letter to President Roosevelt proposing that Roosevelt, Marshal Stalin, King George and Marshal Chiang Kai-Shek should sponsor a joint conference of Indian leaders, arrange for

guarantee of Indian independence 'and get India really in the war'.

**November 27, 1944** Edward R. Stettinius becomes U.S. Secretary of State after resignation of Cordell Hull for ill health.

**December 17, 1944** Dr. J. M. Kumarappa of Bombay, first Indian scholar invited under U.S. State Department cultural exchange programme, arrived at Washington to stay at Blair-Lee House, guest house for foreign dignitaries.

**December 19, 1944** A new temporary agreement between Britain and Ethiopia (which replaces the agreement and military convention of 1942) was signed.

## EUROPE

**October 4, 1944** Anthony Eden assured Labour Members in the Commons that the British Government was opposed to the return of Italian Colonies to Italy.

**October 5, 1944** Allies entered Greece, the landings having been effected by sea and air.

**October 6, 1944** Russians invaded Hungary.

**October 7, 1944** The German defence north of Aachen suddenly collapsed. A breakthrough was effected in Siegfried Line and the first tank battle was fought on the German soil.

**October 8, 1944** Marshal Tito's forces in Slavonia reached the Hungarian frontier.

**October 9, 1944** Mr. Churchill and Mr. Eden met Marshal Stalin at Moscow.

**October 11, 1944** Bulgaria accepted pre-armistice terms of United States, Britain and Russia.

**October 12, 1944** The three-year black-out of Leningrad ended.

**October 13, 1944** Russians captured Riga, the great Baltic port.

The Polish Premier, M. Stanislaw Mikolajczyk, met Marshal Stalin, Premier Churchill and others for discussion about the Polish issue.

**October 15, 1944** Admiral Horthy, the Hungarian Regent and Commander-in Chief, signed an Order of the Day asking for an armistice.

**October 18, 1944** Russians entered Czechoslovakia.

The Greek Government returned to Athens.

**October 23, 1944** Britain, U.S. and Russia officially recognized Gen. de Gaulle's Administration as French Provisional Government.

**October 24, 1944** A new Cabinet was formed in Greece by Papandreou.

**October 28, 1944** Armistice with Bulgaria was signed.

**October 30, 1944** M. Gunther, Sweden's Foreign Minister, told the Riksdag that, despite the changed situation in the Baltic, Sweden would remain neutral.

**November 4, 1944** The formation of a new Rumanian Government with Gen. Constantin Sanatesen as President of the Council of Ministers was announced.

Gen. Franco declared in an interview to the Press that Spain had never been pro-fascist or Nazi and had never allied secretly or otherwise with the Axis Powers, and announced Spain's readiness to co-operate with other nations in the organization of peace.

**November 11, 1944** United States, Britain and Russia invited the French Provisional Government to participate fully in the European Advisory Commission in London.

**November 16, 1944** The Belgian Communist Ministers resigned from the Pierlot Government.

Gen. Franco recognized General de Gaulle's Administration as the Provisional Government of France.

## CHRONICLE OF IMPORTANT EVENTS

**November 17, 1944** Dr. Paasikivi formed a new Finnish Government.

**November 21, 1944** Gen. de Gaulle declared that France should contribute as much as she could to the war against Japan, and, after her defeat, should play the same rôle in the post-war security organization in the Pacific as in Europe.

**November 24, 1944** The Polish Prime Minister M. Stanislaw Mikolajczyk resigned; M. Ian Kwajinski was entrusted with the formation of a new Cabinet.

**November 26, 1944** The Italian Premier Signor Ivanoe Bonomi resigned, consequent on sharp differences of opinion between the Communists and Socialists on the one hand and the Liberals and the Catholics on the other.

**December 6, 1944** A Cabinet crisis developed in Bulgaria following the decision by the War Minister to grant political amnesty to all imprisoned military personnel who rejoined the fighting forces, several members, including communists, threatening to resign.

British tanks and paratroops went into action against E.L.A.S. (Hellenic People's Army of Liberation).

**December 10, 1944** A treaty of alliance and mutual assistance was signed in Moscow between Soviet Russia and France. France and Russia were to continue to fight at each other's side and for the United Nations until victory over Germany; no separate peace was to be signed with Germans whether Hitlerite or not; both the countries were to take precautions against renewed aggression by Germany and undertake not to join a coalition directed against either of them; there was to be economic co-operation between the two in the post-war period; the treaty was to last for 20 years and if at the end of that period it was not denounced, it was to remain in force until further notice.

**December 11, 1944** Signor Bonomi formed a new Cabinet in Italy consisting of five Liberals, four Communists, three Christian Democrats and three Labour Democrats.

The Bulgarian Cabinet Crisis was temporarily averted, as the decision to grant

political amnesty to all imprisoned military personnel who rejoined the fighting forces was cancelled.

**December 13, 1944** Agreement was reached between Marshal Tito and Doctor Subasic, Yugoslav Premier, on the formation of a united provisional government and elections to the Constituent Assembly.

**December 15, 1944** Mr. George Hall, Under-Secretary for Foreign affairs, declared in the Commons that the decision to send British troops to Greece had been reached after consultation with the Governments of the U.S. and the Soviet Union both of which agreed that Greece fell primarily in the British military sphere. Mr. Churchill disclosed that Poland had been offered the whole of East Prussia, West and South of Koenigsberg and including the great port of Danzig, as compensation for conceding to Russia part of her territory east of the Curzon Line.

**December 18, 1944** The Germans launched their offensive on a sixty-mile front along the borders of Belgium and Luxemburg. Russian forces in north-eastern Hungary advanced along the mountain pass to Czechoslovakia.

**December 20, 1944** Mr. Churchill told the Commons: "The three Great Powers are in entire agreement upon the general aims which bind our alliance and we have every need to keep in the closest association in this dangerous and momentous stage of the war."

**December 26, 1944** Mr. Churchill and Mr. Eden arrived in Athens and held a political conference to which E.L.A.S. and other representatives of Greek political opinion were invited. Archbishop Damaskinos presided.

**December 28, 1944** The Athens talks failed. The terms of E.L.A.S. for a plebiscite in February, an election in April etc. were rejected.

**December 30, 1944** King George of Greece appointed Archbishop Damaskinos as Regent.

**December 31, 1944** The new Soviet-sponsored Provisional Hungarian Government declared war on Germany.

# INDIA QUARTERLY

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## CONTENTS

	PAGE
BUILDING FOR PEACE— <i>Henry F. Grady</i>	107
THE PACIFIC RELATIONS CONFERENCE— <i>P. S. Loka Nathan</i>	113
THE FUTURE OF DEPENDENT ECONOMIES (with special reference to South-East Asia)—Concluded— <i>Research Staff of the Gokhale Institute of Politics and Economics</i>	122
THE TRANSITION FROM WAR TO PEACE IN INDIA— <i>Gyan Chand</i>	128
RECENT POLITICAL TRENDS IN THE MIDDLE EAST: PAN-ISLAMISM TO NATIONALISM— <i>Mohammad Habib</i>	134
DUMBARTON OAKS— <i>A. Appadorai</i>	139
TARIFFS AND TRADE RESTRICTIONS IN THE POST-WAR PERIOD— <i>H. L. Dey</i>	146
INDIA'S STERLING ASSETS— <i>B. R. Shenoy</i>	151
INTERNATIONAL CONTROL OF FOREIGN INVESTMENT IN EASTERN ASIA— <i>B. N. Ganguli</i>	157
THE FUTURE OF BURMA—(Concluded)— <i>Daw Mya Sein</i>	163
INDIANS OVERSEAS— <i>T. S. Rajagopalan</i>	168
INDIA AND THE WORLD:	
Participation in International Conferences— <i>C. Kondapi</i>	176
Reactions in India to events abroad	180
REVIEWS AND NOTICES:	
International Affairs— <i>G. Sinha, Bool Chand and Snehalata Ananda Rao</i>	186
Foreign Books on India— <i>S. Dutt</i>	189
Articles on India in foreign periodicals	190
CHRONICLE OF IMPORTANT EVENTS	194

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# BUILDING FOR PEACE

By HENRY F. GRADY

A YEAR of major action on all the battlefronts of the world was also marked in the United States by the conferences which the United Nations held at Philadelphia, at Bretton Woods, at Chicago, at Dumbarton Oaks, to explore ways and means of integrating the world community.

## I. I. O. CONFERENCE ADOPTS PHILADELPHIA CHARTER

The drive on Rome had begun and the landings in France were a week away when the annual conference of the International Labour Office ended its session in Philadelphia, an Atlantic coast city which the Quakers named from two Greek words meaning 'brotherly love,' now one of the busiest and most prosperous centres of industry in the western hemisphere.

Representing management, government and labour of 41 countries, the ILO delegates were well aware of the danger and the opportunity the times offered. Among the European delegates were men who had been leaders in the underground movement, and who were soon to return to their posts in the still occupied countries. They went to Philadelphia as spokesmen for liberation, and for a concerted advance in social policy; their immediate concern was to plan that advance.

At the Conference they adopted the group of social aims known as the 'Philadelphia Charter.' Those aims are: (1) Opportunity for useful and regular employment to all persons who want work, at fair wages or returns, and under reasonable conditions, with provision for the protection of health against injury in all occupations; (2) Raising standards of living to provide adequate nutrition, housing, medical care and education; (3) Establishment of minimum standards of employment to prevent the exploitation of workers, whether employed or self-employed, whose opportunities for high-wage employment are limited; (4) Provision for child welfare; (5) Provision for a regular flow of income for all whose employment is interrupted by sickness or injury, by old age or by lack of employment opportunity; (6) The effective recognition of the right of freedom of association and of collective bargaining; and (7) Provision for labour-training and transfer.

In simple and striking terms the Declaration stated a truth which has lately been variously acknowledged, by experts on economics and foreign trade, by diplomats and statesmen and journalists and scholars, whenever post-war problems are discussed. 'Poverty anywhere,' the Declaration stated, 'constitutes a danger to prosperity everywhere.'

Administration is not the province of the ILO. In the words of Sir Samuel Runganadhan, the ILO 'must be a watchdog in the world of international policy in the interest of social progress and full employment.' Its duty, as other delegates, put it, developing the image, is to 'bark [when things go wrong,' when policies of governments or other international institutions fail to promote employment and improved standards of living. To its advisory function, ILO brings a special force as the one official agency through

which labour and employers take a direct part in the framing of international policy.

#### UNPRECEDENTED PROPOSALS AT BRETON WOODS

To promote world-wide peace and prosperity and help nations do business with each other more easily and profitably, delegates of 44 nations at the International Monetary and Financial Conference prepared proposals unprecedented in the history of international economic relations. Meeting from 1 to 22 July, 1944, at Bretton Woods, in the north-eastern state of New Hampshire, the Conference recommended proposals for an International Monetary Fund to modernize the system of foreign exchange and for an International Bank for Reconstruction and Development.

The Fund's articles of agreement, which specify its proposed organization and operation, give its purposes as promoting international monetary co-operation through a permanent institution, facilitating expansion and balanced growth of trade, eliminating foreign exchange restrictions on trade, making Fund resources available to members under adequate safeguards and lessening maladjustment in members' balances of payment.

Set up as machinery to deal with the technical monetary problems of foreign trade, the Fund would act as a central agency where currency of one nation may be exchanged, at fair rates, for currency of another. To enable it to function successfully, the Fund would have resources of \$ 8,800,000 subscribed by the participating nations in proportions worked out at the Conference. Membership would be open to other nations besides those represented at Bretton Woods and all members would take part in the management of the Fund. Participating nations will also agree to outlaw monetary practices harmful to world prosperity and to co-operate in overcoming any nation's temporary monetary difficulties.

On the now familiar principle that 'Poverty anywhere constitutes a danger to prosperity everywhere,' the Conference approved the articles of agreement of the International Bank, created to provide capital for restoring productive wealth destroyed by war and for assisting less industrialized nations to make full use of their resources. The Bank would also promote private foreign investment by guaranteeing, supplementing or participating in private loans and other investments; stimulate long-range, balanced growth of international trade; arrange the loans it makes or guarantees in relation to loans from other channels; consider, in its operations, the effect of international investment on business conditions; and assist in bringing about a smooth transition from war-time to peace-time economy.

The Bank's capital of \$ 9,100,000,000, subscribed by members, would be available to make and guarantee long-term loans at reasonable rates of interest. Managers of the Bank, representing all participating nations, would give special consideration to needs of countries which have suffered from enemy occupation and hostilities. In the Bank as well as the Fund, membership would be open to others besides the charter nations.

The Conference, presided over by U. S. Secretary of the Treasury Henry Morgenthau, Jr., also recognized the need for continuing international discussions on all phases of world economics. Proposals approved by Conference delegates are being submitted for consideration to the governments and peoples of the countries represented.

From a long-term standpoint the Bretton Woods Meeting focused attention on the need for picking up threads in the fabric of international trade and finance, which has been sorely worn by destruction of physical resources and financial credit during the war years.

The Fund and the Bank represent theoretical approaches to the larger problem of trying to bring order out of chaos in a war-torn world. In the present state of the world too much reliance cannot be placed on financial manipulation. The task of reconstruction calls instead for thrift and industry, for the perseverance of human labour aided by an abundant mechanical energy and modern tools and machinery.

Until schemes have been devised to keep world trade flowing in volume and held in comparative balance for each major country, no monetary plan can function reliably. None can succeed for long unless each member country somehow manages to keep its domestic economy in order. An International Stabilization Fund will not automatically stabilize world currencies. The Fund is intended only to create an atmosphere of mutual confidence, to provide a headquarters where international monetary problems can be impartially studied by experts from all countries, and to make supplies of foreign exchange readily available to tide over temporary emergencies.

If world monetary stabilization is really going to be achieved, Bretton Woods must be viewed, not as a solution, but as one of the means toward that end.

#### NO SECURITY FOR ANY NATION UNLESS THERE IS SECURITY FOR ALL

A chronology of outstanding events in 1944 would note for the month of August the Liberation of Paris, the Liberation of Florence, and the opening in Washington of the World Security Conference at Dumbarton Oaks.

Following the Dumbarton Oaks conversations, the governments of the United States, United Kingdom, the Soviet Union and China laid before the world the draft charter for a 'United Nations' general security organization.' It would be composed of all peace-loving nations, based on the principle that there can be no security for any nation unless there is security for all.

By late December, this proposal had evoked wide and profound discussion throughout the world.

Commenting on the spontaneous and general response to the study of the draft in many countries, U. S. Secretary of State Edward R. Stettinius, Jr. said, shortly before Christmas, that such response had been a source of encouragement to all who believe that 'this people's war must lead to a people's peace.'

The goal of world security, root of American foreign policy, elicited unprecedented public thought and study in America. Public forums, radio debates, national opinion polls, congressional discussion, views of elected

officials and private citizens—all added weight to the national zeal for vigorous American participation in the security effort.

Dumbarton Oaks was the initial practical move implementing the Moscow and Tehran Declarations in which the larger United Nations agreed on the need for an International Security Agency. The Dumbarton Oaks Draft highlighted world activity in 1944 outside the military domain. Further consideration is now being given by the proponents to several sections left undecided when the Draft was made public. Completed proposals will be formally submitted to the various governments as a basis of discussion for a full United Nations Conference, expected to be held sometime in 1945.\*

The Dumbarton Oaks plan would set up a body with a General Assembly in which all member-States—large and small—would have seats; a Security Council composed of eleven member-States including as permanent members, the United States, Britain, the Soviet Union, China and eventually France, with the other six to be elected for two-year terms; an International Court of Justice to whose statute all members would be parties; a Secretariat, an Economic and Social Council, and a Military Staff Committee.

Many supporters of the plan pointed out that the crux of its effectiveness lies in the 'teeth' provided for stamping out wilful aggression anywhere at any time. This would be the prime responsibility of the Security Council—empowered, if measures short of force prove inadequate, to employ air, naval or land forces to maintain or restore world peace. Observers have pointed out many advantages of such a plan over the old League of Nations. The 'United Nations' Charter would be an independent instrument, unlike the League Covenant which was incorporated in peace treaties after the last war.

The Dumbarton Oaks Draft says that the organization's purpose would also be to 'develop friendly relations among nations' and it provides for the co-ordination of existing or proposed international organizations in special fields with the Economic and Social Council.

Public discussion of the Draft in the United States, while preponderantly favourable to its general outline, has raised these as main points still unresolved or needing further clarification: the extent of delegation of authority of a nation's member on the Security Council, and the Security Council's course in the event of aggression by any of its permanent members.

#### CONSTITUTION FOR UNITED NATIONS' FOOD AND AGRICULTURE ORGANIZATION

The day after the Dumbarton Oaks conversations began, a Constitution for a United Nations Food and Agriculture Organization was presented by the Interim Commission growing out of the 1943 United Nations Conference of Food and Agriculture at Hot Springs, Virginia. FAO's broad objectives include steps to lift levels of nutrition and standards of living among the peoples of the world and to improve agricultural production and distribution in furtherance of an expanded world economy. Like the International Labour Office it is projected as a long-range, advisory and consultative organization and will come into being when 20 or more nations ratify the Constitution.

## BUILDING FOR PEACE

III

Under the Constitution's terms the FAO would seek to achieve its ends through recommendations, research and the distribution of information.

The governing body would be a General Conference on which each member nation would have one voting representative. The Constitution provides for an Executive Committee of 9 to 15 members and for standing advisory committees in major fields of the Organization's work. The administration will consist of a Director General who will be the responsible head of the organization and an international staff selected for its technical competence.

Direct contact with the public, consumers and producers will be maintained through conferences with national and international bodies concerned with food, agriculture, forestry and fisheries.

The Interim Commission estimated that the FAO would need a budget of \$ 5,000,000 for the first five years with half that amount going to the first year's expenses.

An annexure to the Constitution specifies that the United States is to bear 25 per cent of the cost of the first year's budget, the United Kingdom 15 per cent, Russia 8 per cent, China 6·5 per cent and other countries smaller proportions down to .05 per cent.

The nations represented at the Hot Springs Conference of 1943 will be accorded original membership in the FAO when the Constitution is accepted by their governments. Provision is made for the admittance of other countries by a two-thirds vote of the representatives of all the member nations. Initial membership is for a period of five years; at the end of that time members would have the privilege of withdrawing.

As the building of world security is the driving purpose of all international conferences today, it often happens that their functions interlock. For example, FAO was represented at the Bretton Woods parleys and FAO is *slated* to advise the International Bank on the merits of agricultural enterprises for which the Bank's clients seek financial aid.

### FIRST INTERNATIONAL CIVIL AVIATION CONFERENCE IN HISTORY

On 1 November, the first International Civil Aviation Conference in history met in Chicago, mid-western hub of U. S. trade and finance, and a potential air terminal in the international trade of the future.

Breaking ground in a hitherto untouched field was a formidable undertaking for the 52 nations participating and six weeks passed before the Conference came to a successful end.

Five 'Freedoms of the Air' were proposed. One agreement covered the first two freedoms: (1) The right of innocent passage across designated routes of any nations; (2) The right to land on any nation's soil for technical reasons, such as refueling. The other three freedoms, incorporated in a second document, were (3) The right to carry traffic from the home country to any point in the world; (4) The right to bring through traffic back home from any point in the world; and (5) The right of free competition for traffic throughout the world.

When the conference closed, it was believed that at least 40 countries would sign the first document, and about 25 would sign both the first and the second.

In addition to these two documents, the conference also worked out an interim agreement setting up a Provisional International Aviation Organization. This Provisional Organization, governed by a council of 21 representative countries, will serve until the Permanent International Civil Aviation Organization is ready to begin functioning. Seats on the 21-man Interim Council are to be held by the United States, Great Britain, France, the Netherlands, Belgium, Mexico, Brazil, Canada, Norway, India, Peru, Iraq, China, Australia, Czechoslovakia, Egypt, Turkey, Chile, Colombia and El Salvador.

A seat on the Council was reserved for Russia, which had not sent delegates to the Conference. Any other country not present at the Conference may also join the organization at any time; former enemies of the United Nations will be subject to certain restrictions.

The Convention for the Permanent International Civil Aviation Organization, designed to administer air navigation rules and technical standards, was also drawn up at the Chicago Conference. Although 35 nations had already signed this Permanent Convention within two weeks after the close of the Conference, signatures become valid only after the Convention has been ratified by the Governments of the various countries. The ratification procedure, it was thought, would take between two and three years; meanwhile the Interim Council would continue in existence.

The accomplishments of the sessions were reviewed at the close by Adolf A. Berle, then Assistant U. S. Secretary of State, who had been chairman of the American Delegation and President of the Conference. 'I am bold to think,' he said, 'that history will approach the work of this Conference with respect. It has achieved a notable victory for civilization. It has put an end to anarchy in the air....From now on air agreements throughout the world must be open covenants known to all. The day of secret diplomacy in the air is past.'

#### CONFERENCES HAVE SINGLE UNDERLYING PURPOSE

In their separate sessions the international conferences of 1944 have dealt with matters as unrelated as the opium traffic, the price of silver and acceptable standards of air-worthiness. But the underlying purpose was always the same, to unite the nations of the world for world action looking toward security and better living.

The difficult task of building the peace is well under way and 1945 will see additional constructive steps taken. We have learned well the technique of making war and will win the war. We must painstakingly learn the harder technique of making and preserving the peace. I am convinced we will continue to develop successfully the technique of making peace and will win the peace. But we cannot assume that peace will come to us automatically. It must be built carefully and effectively.

# THE PACIFIC RELATIONS CONFERENCE

By P. S. LOKANATHAN

THE Institute of Pacific Relations, which since 1925 has been conferring biennially, met at Hot Springs, Virginia State (U. S. A.) in January of this year for its ninth session. To this Conference the Indian Council of World Affairs so soon after its establishment (November 1943) had the distinction of being called upon to send a delegation; and, although technically the Indian representatives were only observers and not delegates, the Indian Council not being an affiliated body, they were treated in every respect like the other groups from affiliated institutions. Indeed the signal mark of honour bestowed upon the Chairman of the Indian group Mrs. Vijaya Lakshmi Pandit who was asked to preside over one of the Round Tables on Collective Security was proof, if one were needed, of the equality of treatment accorded to the Indian group. Mrs. Pandit's presiding over a round table group was in itself a noteworthy event; it was the first occasion when a woman was ever called upon to do so; and as Mr. Tarr, the Chairman of the I. P. R., observed at the end of the sessions the success of that innovation was so striking that he felt that hereafter no Conference could be said to be a complete success unless some of the round tables had women as their Chairman. No more happy and handsome compliment could be paid to the ability and success with which Mrs. Pandit conducted the meeting.

India has further reasons to be gratified with the composition of her representation and of its achievement. Of the five members of the group, two Mr. B. Shiva Rao and the present writer—had no distinct political affiliations. But the remaining three belonged to distinct political parties, the Congress, the Muslim League and the Liberal Party. Mrs. Pandit is not only an important member of the Congress but had held office as Minister in the Congress Ministry. Mr. Siddiqi is a leading member of the Muslim League and a member of the Bengal Legislative Assembly. Pandit Kunzru besides being a prominent liberal is the President of the Servants of India Society, known for long as moderate in its political doctrines. The fact that the Indian group representing as they did the three important political parties could be justly regarded as a true cross-section of the country and yet on every one of the major issues discussed therein presented the same point of view created a profound impression at the Conference. The supposed political differences in India, of which political capital has been made by Britain, were seen in their true perspective by the delegates from various countries and recognized to be, as they are in truth, of the order of smalls.

The Institute of Pacific Relations, it should be emphasized, is not a body which reaches any collective conclusions. The Conference as such passes no resolutions and no recommendations nor does it adopt any policy or suggest any course of action. Its main function is to study and discuss the problems of the countries of the Pacific region, which it has done with remarkable success

both by publication and research and by its Conferences held once in two years. But its importance and influence are out of all proportion to the number of its members or the unspectacular and unpublished character of its Conferences. Its discussions at Conferences form not merely the raw material of public policy in America and other countries but often shape national and international policies and action. No better testimony to its character as an organ of national and international opinion can be given than the fact that the agenda for the Hot Springs Conference was itself so carefully drafted that the Governments of U. S. A. and Britain could form an estimate of the currents of informed opinion on the vital issues of the moment. The treatment of Japan after defeat, the future of South-East Asia and of colonies and dependencies, the economic development of the regions of the countries on the Pacific and collective security—were the subjects discussed at the Conference. It would not be an exaggeration to say that throughout the discussions at Hot Springs was the unconscious thought that the Conference was contributing to the solution of some of the vital problems with which the United Nations are and would be immediately confronted.

On the procedure of the I. P. R. Conference, a word deserves to be said. The Conference which started on 6 January went on till 17 January for twelve days without a break even on Sundays. The Conference broke up into four separate round tables at no one of which were more than about 35 persons. Identical agenda was given to each round table, so that the same subject was gone through and discussed simultaneously at the round tables round which literally not euphemistically members sat and discussed. The purpose of this arrangement was to facilitate free and intimate discussion. It would not otherwise be possible for the hundred and forty or hundred and fifty delegates representing 12 countries and some four or five institutions to participate in discussions; and the Conference would only have been a big public meeting where glib speaking would be at a premium at the expense of knowledge and thinking. Actually, however, anyone who had any ideas worth mentioning was sure to be able to put them across; there was no limit to the number of times a man could intervene, but speeches as such were quite out of place. Such a procedure has everything in its favour and deserves to be more widely followed in our country. A fairly detailed summary of the discussions in each of the Round Tables was presented to the whole Conference at the end of the session for each subject by the rapporteur under the guidance of the Chairman.

Another point is worth mentioning. Although it is an advantage for a country like India to have its representatives speak with a united voice on the fundamental problems facing us and the rest of the world, the Conference not only does not desire any uniform views or opinions on the part of a national group but actually welcomes divergent points of view. On some matters at least the differences of opinion have transcended national groupings. Some Chinese, some Americans, and some British have been found to differ from other Chinese, other American and other British delegates. But after making every allowance for divergent standpoints due to individual differences in outlook and thinking, it is broadly true to say that what may be called national points

of view have often, if not invariably, emerged on every major issue before the Conference. Hence without any violence to accuracy it could be said that this or that national group took this or that view, without implying, however, that such a view was endorsed by every member of those groups.

The Institute of Pacific Relations is, as has already been stated, an unofficial body designed to study the problems of the peoples of the Pacific. Its members are therefore institutions belonging to countries which are on the Pacific or hold the destinies of the peoples of the Pacific. Besides the regions of the Pacific, the countries which govern them are also represented. Thus Britain, France and Holland are represented at the Conference as well as U. S. A., China, Canada, Australia, and New Zealand. India occupies a marginal place in the Pacific region but a central place in the whole of the South-East Asia and may be expected to play a leading rôle in the future on account of her dominant geographical position. Perhaps the most significant and arresting fact which was brought home to the Conference at Hot Springs at the end of the twelve days sitting was that the problems of the Pacific were not something special or unique but that both their character and their solution were world-wide and that they were part of the general international setting. This lesson was burnt into the minds of the delegates at every stage, as a review of the discussions of the subjects at Hot Springs will indicate.

## II

The future of Japan was the subject of a fairly comprehensive discussion at the round table which had the advantage of a number of data papers presented to the Conference (of which the one by Chatham House was the most outstanding) and of the presence of a considerable number of men who had resided in Japan for some years and were close students of Japanese political and economic affairs. There was a large measure of agreement on the need for inflicting complete military defeat on Japan, for disarming her immediately after the war and for ensuring against future aggression. It was also recognized that for a short period after defeat there should be military occupation of Japan, that the occupation army should be composed of the forces of all the United Nations and in particular China and that the terms imposed on Japan should be no more and no less severe than those on Germany. The suspicion that because the Japanese were Asiatics, the Western Powers would be inclined to inflict more severe terms on Japan than on Germany was sought to be dispelled by several national groups. In any case it may be said that if harder terms be actually imposed, it would be more the result of Chinese pressure and influence than that of the Western Powers. But there the agreement stopped. There were large differences in details and significant differences in emphasis. Certain members took the view that the Japanese were so wicked, undemocratic and militant that the process of reforming and bringing them into any world system of peace and security would have to be extended over a long period, and that, till then the rest of the world must continue to control the political and economic conditions of the country. They, therefore, urged that there should be no hurry to enter into negotiations with any party which was not

democratic and progressive, and that the objective should be to destroy the reactionary elements like the Ziabatsn, (the big industrialist group) and the Army and to strengthen the small but growing progressive forces represented by the Liberal and Communist groups and the peasants. This view was contested by other members at the meeting who pointed out that the danger of anarchy and chaos should not be lost sight of, that beyond a very short period Allied unity could not be maintained and that it would be impracticable and undesirable for foreign powers to continue to exercise control.

The cleavage of opinion within a broad framework of agreement was noticeable under major issues of which we may take two or three as illustrative. Firstly on the question of disarmament, the principle was agreed to by all that Japan should be kept disarmed until (a) she became democratic and shed her aggressive characteristics and (b) she qualified herself by her action and behaviour for admission into the proposed world security organization. But the difficulty of translating this broad principle into concrete terms of action is serious. Disarmament in modern times is not practicable without at the same time cutting at the root of industrial potential and destroying the heavy and key industries. The implications of disarmament may be understood if one reviews the measures suggested to bring it about. Limitation of the machine-tool industry, chemical industry, hydro-electric and coal and other power resources and control over shipping, air-craft and other forms of transport are necessary conditions of successful disarmament. Indeed the advocates of disarmament are not unaware of this. Some air experts developed the thesis that for a long time it would be unsafe to permit Japan to train pilots, build aircraft, or operate air lines except under licence issued by the United Nations. A few went so far as to suggest that industrialized Japan was a modern artificial creation and that the object of Allied policy should be to turn the country back to agriculture. How long could the world prevent the Japanese from going to other countries, if possible, establish plants abroad and return with full experience of piloting? Again those who suggest the complete destruction of Japanese industry either do not understand what they ask for or are willing to punish the people for all time. It is a hard economic truth that the population of Japan cannot be sustained even under very low standards of living, if, after depriving her of Manchuria and other colonies, she is also deprived of certain essential industries. It may be, as the Chinese group urged, Japan should pay in terms of the welfare and standard of living for her acts of vandalism and aggression. It may also be conceded, as the Chinese group again urged, that it is the standard of living of China and other countries ravaged by Japan that alone should be the concern of the world after the war. But all this does not in any way render these proposals practicable. The complete destruction of Japan would create an economic vacuum in South-East Asia, and the belief was also expressed by some of the British and Indian groups that a reformed Japan was practicable, and could render real service to the world. For different reasons the Indian and British groups more than others felt that, instead of imposing a draconian regime, the objectives of policy should be to create the conditions for and stimulate such fundamental changes as would

favour the growth of a peaceful and democratic nation and that in the meantime the development of a trustworthy and inspiring world organization for collective security should be speedily promoted.

The question of reparations was also discussed at length. Much was made of the so-called lesson learnt out of the last war that cash reparations were harmful and that reparations should be exacted in kind. It was pointed out more particularly by the Indian group that the distinction between cash reparations and reparations in kind was not nearly so important as the distinctions based on (*a*) the quantum and volume of reparations and (*b*) the time over which they are levied. If reparations are large no matter that they are taken in goods they will inflict great injury not only on the country which has to pay the reparations but on those which have to receive them. This lesson was brought home into the minds of the people in the inter-war years but unfortunately is again forgotten. When Britain took over the greater part of Germany's mercantile marine, there was severe unemployment on the Tyre and the Clyde. German coal created unemployment in British coal mines. Similarly, as long as reparations are spread just over a period when countries have not yet been able to readjust their economies, or, in other words, when reparations are used for the purpose of mere relief and rehabilitation, their effect will not be damaging. But as soon as this period which cannot be more than three to five years is over, reparations will do greater harm to world economy than to the economy of Japan.

Further the contradiction of a policy which seeks to destroy all the important industries of Japan and at the same time procure large reparations in kind was either ignored or unrecognized. It is true that the industries may be kept going under the control, supervision and management of the United Nations. But assuming that reparations are spread over ten years and that as a result, the key and vital industries are kept going, it would shock the conscience of the public (who in the intervening years would have got over the war-punishment complex) if those industries are sought to be destroyed at the end. Hence what is practicable is the imposition of a small volume of reparations fixed in money terms and spread over a period not longer than the period which the world would need for its economy to be brought into normalcy.

Not all the delegates were prepared to recognize these fundamental truths. Some of them were naturally too much influenced by immediate forces to be able to take a long-term view. This difficulty was specially noticeable in considering the long-term future of Japan. The Indian group and several others emphasized, despite the risk of being misunderstood, that revenge and punishment do not afford a satisfactory or abiding basis of world peace and economy. They laid down the twin principles of equality and non-discrimination as the guiding long-term policy. It is not in the interests of Japan as in the interests of the world that our treatment to Japan should be decent. Extensive long-term measures for the repression and punishment of Japan would not firstly be practicable, secondly not be in the interests of the Allied nations and finally would be inconsistent with the declared war aims of the United Nations. The world in prosperity and distress is one world. How to create the conditions

for the restoration of a pacific, freedom loving and democratic Japan was recognized by the Hot Springs Conference as the world's vital problem after the war.

### III

The subject that was of more than ordinary interest to the Indian group was the Future of Dependencies whose political aspect was discussed at two round tables, while simultaneously the other two round tables dealt with their economic aspects of rehabilitation and development. On behalf of each dependent country a statement was made by a national member present describing the progress towards freedom and the situation at present. The similarity of the problems of the colonies despite their differences in size, culture, stages of development, education and government was remarkable, and no less striking was the common attitude of the colonial powers despite their differences in the standards of administration. For example, the national group of every dependent country testified to the magnification of the internal differences by the Imperial Powers who often-times fomented them directly and indirectly. So soon as one point at issue was settled amicably by the political groups in the country, new differences were brought up with a view to holding up freedom and self-government. The Conference as a whole (with the exception of British, Dutch and French delegates) felt wholly dissatisfied with the progress so far attained. Several of the United States delegates made no secret of their attitude to the colonial question, and affirmed somewhat to the chagrin of the delegates from the Imperialist Powers that the war was not being fought to enthrone colonialism again and repudiated the doctrine of imperialism. The labour group in America was equally hostile to colonial policy. Nor were the delegates from Canada and Australia behind the American group in advocating a forward policy. Some among the Canadian group observed that in their opinion 'no one people was morally good enough to rule another and that such rule led to the corruption of both the rulers and the ruled.' These progressive groups were far from satisfied with the new orientation of policy given by the British Government in 1940 by their affirmation that 'they were trustees for the well-being of the peoples of the colonial empire' and that 'the primary aim of colonial policy is to protect the interest of the people of the colonies.' The declaration was clothed with flesh and blood by the provision of an annual grant of 5 million for 10 years from 1940 to be used both for capital expenditure and for expenditure on social services. But it was felt—and the Indian group endorsed the idea vigorously—that the emphasis on the economic aspect and on good government was likely to do damage to the speedy realization of self-government. Colonial peoples are rightly sceptical of the prospect of freedom emerging from good government. The trusteeship idea was all right in theory; but in practice it has proved disappointing. It is dangerous to vest the power to govern in any single nation. From this point of view regional collaboration as revealed by the Constitution of the Anglo-American Caribbean Commission and the Australian-New Zealand joint Commission constituted a step forward. But these developments were not at a rate satisfactory

to the growing needs of the colonial peoples and the upsurge of the new consciousness of the progressive sections of the world. Hence many of the delegates felt that the world should take a big jump forward and instead of being content with the principle of trusteeship should frame a colonial charter of freedom and independence and set out for an interim period the principles of international accountability. A sub-committee was set up to frame recommendations, whose main features were nearly the same as those which Mr. Stettinius is said to have since recommended for adoption at the San Francisco Conference.

An International Commission under the general supervision of the United Nations Collective Security Organization is to be set up to which Colonial administrations are to be accountable. The underlying principles of the proposals were (1) that the individual nation's sovereignty should be replaced by collective sovereignty and (2) that the body actually governing or administering a colony should be held accountable judicially to an International Authority. In the framing of these proposals Mr. Corbett, who later was elected President of the Institute of Pacific Relations to succeed Mr. Tarr, played a very notable part. The sub-committee's proposals naturally evoked widely divergent comments. The French and the Dutch delegates in particular made no secret of their extreme opposition to them whereas the British group were temperate in their criticism while equally firm and opposed. According to them internationalization of colonial government would divorce authority from responsibility. But the validity of this criticism was questioned. It was argued that the constitution of a world body composed of members of the colonial powers and representatives of other countries including the colonies and charged with the duty of colonial government need not impair the authority of the actual administration.

From the point of view of the Indian group the most gratifying feature of the discussions was the wide recognition that Indian independence was perhaps the most liberalizing force that could effectively promote colonial freedom. Countries of the Pacific and those of the Middle East are deeply aware of the significance to them of a free India. Several delegates at Hot Springs observed that although not a colony India's problem was of such paramount importance that, if it could be settled, the remaining colonial problem would only be of secondary importance. America's permanent participation in an international organization, it was argued, would largely depend upon the manner in which the present Imperial Powers reacted to the proposals for colonial freedom and independence.

At two other round tables there was simultaneous discussion of the problems of rehabilitation and development at which the needs of China and India were outlined by their respective representatives. China has also a big plan for economic development although her immediate needs of restoration are more urgent. Nor has her plan taken the concreteness, precision and reality that the Indian economic plan has reached. But the aims of the Chinese and Indian planning were very similar. The Chinese programme was stated to aim at welfare economy rather than a defence economy to be achieved on the founda-

tions of improved living standards through industrialization and development of transport, communications and other services as well as by improving agricultural efficiency. The future of her industrial organization was to be based on mixed economy containing public and private enterprise. China would require a large dollar loan for her development and the question of the conditions of entry of foreign capital was discussed at length. With a view to specially encouraging American capital, the Supreme National Defence Council has modified public policy relating to foreign capital not only by the removal of certain former restrictions but by definitely limiting State enterprise to essential defence and key industries. While showing themselves keen to do everything to encourage foreign capital, the Chinese delegates (with the Indian group's endorsement) declared their opposition to any political interference and asserted that it was highly important that no political tags should be attached to loans which China or India might receive.

India's need of external capital of the value of nearly 6 billion dollars naturally led to the enquiry whether capital would in fact be forthcoming, and if so, on what terms. The origin and nature of the blocked sterling balances were explained and the Indian group questioned the justice and fairness of the British group's thesis that for some years after the war sterling could not be unblocked and that India could not hope to finance her capital requirements by converting sterling into dollar. While conceding the case for spreading the repayment of sterling balances over a period of 15 or 20 years, the Indian group argued that repayment should start immediately after the war and urged that some arrangement should be made for India to convert a portion of sterling into dollar and other currencies. On the question of the possibility of getting a dollar loan by India, it was stated by some of the American group that the minimum demand on the United States during the transition period would amount to some 15 billion dollars, that rehabilitation and restoration demands would naturally get priority over development needs and that at the present time there was no sign of any rush of private investors to subscribe for foreign loans. There is no doubt that the discussions on foreign and in particular American capital proved to be extremely valuable, as all points of view were ventilated therein.

#### IV

The last three days before the final plenary session were devoted to the search for 'security' at each of the four round tables; and the Dumbarton Oaks proposals formed the basis of the discussion. Security was not to be understood as implying merely physical safety but embracing 'good life' in a social, political and economic sense. The design of collective security must therefore include, besides effective power for defence, programmes of economic and social development by which to achieve an expanding economy with special reference to the standards of living of the colonial peoples and those of under-developed regions. It was therefore felt that any form of international security organization should allow for the rapid growth towards freedom and self-government of the dependent peoples. While the round tables as a whole accepted the general outlines of the Dumbarton Oaks Plan, criticisms were directed against

two or three of its serious defects. The organization would create a new dictatorship of the Big Five and went too far in attempting to correlate power and responsibility. The experience of the inter-war years proved that the disturbers of world peace were the big powers, not the smaller ones and it would be too much to ask the middle and small powers to surrender their freedom to the Big Five. The Canadian and Australian delegations in particular were sharply critical of the whole structure of the Dumbarton Oaks Plan. If Canadian and Australian forces were to be mobilized at the command of the Security Council, they should be consulted first. Hence unless the smaller powers were asked to participate in the policing or defence of their own areas, they argued that any international security system would break down. Throughout the discussion there was a strong and general feeling that small powers were not given adequate consideration and an equally firm recognition that the basic condition of success was coherence and unity among the great powers themselves. The round tables were equally critical of the power given to each of the Big Five to put a veto on military action and on the insistence of unanimity among them in respect of decisions affecting themselves.

On the other hand the view was also expressed that the world was ready to take a bolder step, namely the creation of an international military force which could be used by the Security Council in its own right and under its own authority. It was regarded as a weakness that the projected Security Council would have no forces whatever under its own authority.

From the point of view of the Indian group, what was of special interest was the admission by the British group that there were serious limits to Britain's capacity to defend her far-flung colonies. It was therefore again emphasized that a regional defence system should be developed and so far as South-East Asia was concerned, the central place of India in such regional security scheme was unquestioned. Again and again the logic of Indian independence was felt to be inescapable.

## V

The Indian group had every reason to be proud of its contribution and achievement at Hot Springs. It was influenced by no narrow national or sectional thought in discussing any subject. Its point of view was truly international. Indeed, on some important issues, the British and Indian group shared common ideas and attitudes much to the surprise of some delegates, though in others they differed sharply. The Conference as a whole, it might be stated without violence to good taste, was impressed by the quality and weight of the contribution to the discussions made by the Indian group. It would be hard to exaggerate the value to India of her participation in the Pacific Relations Conference. There are many, many ways of securing freedom; it is not right to ignore international avenues when they lead you on to the right roads. India has not, in my judgement, given sufficient thought to the cultivation of world opinion and influencing and being influenced by progressive world forces. Such action as we have taken so far has been to influence British opinion—so far with poor results. The world of to-day is a much shrunken world. No

two places in the world would after the war be more than 48 hours from each other by air. America is too deeply involved in the Pacific and therefore in Asia. However much her government might proclaim a policy of non-intervention, her indifference would prove to be as vain and futile as her indifference in the face of a European crisis. America is the pivot of Asia. If this be recognized India's interest lies in active participation in all Conferences and meetings at which American and Asiatic problems are discussed. The Indian Council of World Affairs has not been started a day too soon. We should strengthen it and make it a powerful study and research body. At the final plenary session of the Conference Mrs. Vijayalakshmi Pandit with characteristic grace and shrewdness suggested that the venue of the next Conference should be India. Before concluding, it would be ungracious not to refer to the help, advice and services to the Indian group so ungrudgingly given by Mr. Edward C. Carter, Secretary-General of the Institute of Pacific Relations, than whom it would be difficult to find a truer friend of India. He is a rare personality and to his rich qualities of head and heart is joined a deep sympathy for the poor and suffering races of humanity. His concluding speech at the plenary session where he explained the fundamental objective of the I. P. R. as the restoration of every man to the full height of his personality would be ringing in the ears of every listener for long.

## THE FUTURE OF DEPENDENT ECONOMIES (WITH SPECIAL REFERENCE TO SOUTH-EAST ASIA)

By THE RESEARCH STAFF OF THE GOKHALE INSTITUTE OF POLITICS AND ECONOMICS

*(Continued From Page 41)*

### COLONIAL POLICY AND ITS NEW ORIENTATION

In the initial stages of acquisition of these areas by the metropolitan countries, the economic policies were mainly formulated, as noted previously, in accordance with the mercantilist ideas. In effect it was naked commercial exploitation. After this initial stage the controlling powers had to adopt something of a duality of functions. Adam Smith had pointedly brought out the contrast between colonial administration by the Home Government and that by commercial companies, like the East India Company, in his *Wealth of Nations*. While the latter were mainly guided by the aim of making the largest and quickest profits irrespective of consequences, the former had, at least to some degree, to foster the growth of more permanent wealth, if only that it might levy the taxes which are its life-blood. This antithesis need not be drawn too sharply however. On the whole both the Government and the commercial

nterests of the metropolitan countries are seen largely to be complementary. The most that can normally be expected of a colonial government within the rame-work of imperialism and in its direct relations with home capitalist nterests is that it compels the latter in their own interests to accept the ultinate advantage of long-run over short-run profits, whence can be derived ritably the entire range of imperialist humanitarianism.<sup>4</sup>

This explains the new policies adopted by metropolitan powers towards the nd of the 19th and the beginning of the 20th century for relieving in some meaure the evil consequences of commercial exploitation. During and after the world war of 1914, the principle of 'trusteeship' was enunciated, and to it must be traced the inception of indirect rule in some of the colonial areas, hough in some others it had been introduced even before 1914. Yet the undamental basis of colonial policies has not changed. They have in practice meant the replacing of direct by indirect exploitation.

Since the commencement of this war, new problems have arisen. Some of the metropolitan countries and their outlying empires have fallen into enemy hands. Japanese rule in the South-East-Asia colonies has radically changed many a relic of past development. Japan's emphasis on food production and self-sufficiency in South-East Asia has dealt a lethal blow to the plantation agriculture in these lands. Strangely enough, the new orientation of colonial policy by the Belgian and French Governments is similarly aimed. The development of colonial areas as independent economic units and not as counterparts to the metropolitan countries has been recognized by both the Belgian and French Governments<sup>5</sup>.

British policy, since 1929, has been one of giving financial aid to colonies. In that year the British accepted a scheme under which sums up to \$ 4 million a year were to be expended on schemes 'likely to develop agriculture and industries in the colonies.' In 1940 this was further amplified and it was decided to spend \$ 220 million over 10 years on schemes of social welfare or plans of development or on research into the colonial problems. At the same time obligations amounting to \$ 45 million owed by some colonies and dependencies to the U. K. were cancelled.

Today the subject of colonial reform in the post-war period is being increasingly discussed. During the war the colonial powers have had to pool their resources and in some cases the collaboration has spread to the colonial field. The Anglo-American Caribbean Commission and U. N. R. R. A. might be cited as notable instances in this connexion. But proposals regarding more permanent arrangements regarding colonial areas are being put forward. To these we now turn.

The proposals for the international control of colonial and dependent areas have taken two forms. The first contemplates the direct administration of these areas by an international authority; the second is a proposal to extend the Mandate System of these areas. The former would mean the withdrawal from the colonial powers of the sovereignty that they now enjoy over their dependencies. The latter proposal, while formally keeping their sovereignty

intact, would put limitations on its exercise by an agreement to respect the criticism and advice of the Mandatory body.

Lord Hailey has put forward a proposal for Regional Councils or Commissions. "This envisages the creation of regional councils or commissions dealing with groups of colonies which, by their geographical situation or for other reasons, can be suitably combined for the purpose. Each council would be composed of the representatives of the colonial administrations directly concerned, together with those of any other Sovereign Powers possessing definite interests in the zone affected. It would not have an executive capacity, but would endeavour to co-ordinate policies by mutual consultation and the use of expert advice. For this purpose it will have its own technical advisers, whose services will be also available to the administrations concerned. It would be one of its chief functions to review periodically the progress made in self-governing institutions, and in social and economic advancement. It would have a further function in assisting to raise the funds required for development schemes when local resources proved to be inadequate, or for advising on the conditions on which private enterprise might take its part in development. Place might be found for the representatives of the peoples themselves on the advisory or other committees attached to the councils.<sup>6</sup> The British Government has subscribed to this scheme in principle but has emphasized the need for collaboration by colonial peoples."<sup>7</sup>

The proposal for full international control of colonial areas has met with the largest opposition, particularly in England. But the objections to it, such as that international rule has proved a failure in the past and will not be conducive to the progress of the colonies, or that the colonial peoples themselves are against the rule of an international authority, appear rather naive. They, it would appear, arise or are put forward by colonial powers to ward off, or avoid, the loss of sovereignty over colonial areas which the proposal logically involves. The opposition to internationalization offers an interesting commentary on the loud assertions of the colonial powers that the possession of colonies is not an asset but a liability. It is no wonder therefore that the scheme of regional councils, proposed by Lord Hailey, has found favour with the British. For under this scheme the colonizing powers would continue to rule their colonies, unless they consented to share this duty with the regional councils. The latter is of course not obligatory and hence the popularity of this proposal among the colonial powers. Indeed, one cannot be very sure that these councils will not be used as vantage points to strengthen the imperialist hold on these areas.

The proposal for the extension of the Mandatory System to all colonial areas seems to be too jejune. The system of mandates is entirely inadequate to solve the problems of the colonial areas. How the mandates were turned into instruments of imperialist domination has been too well demonstrated by the events of the inter-war period.

#### VI. THE PROBLEM AND THE CONDITIONS OF ITS SOLUTION

The problem of the colonial and dependent areas of the world has two aspects,

economic and political. They are economically backward and politically dependent. The economic development of these areas would entail the breaking up of restrictive capitalism and the launching of a programme of planned expansion of world economy. The political advancement would mean the loosening of foreign political control of these areas and making them into self-governing States, and further to ensure their political independence. The problem of these areas thus forms part of the two basic problems of our times, the expansion of world economy and the creation of a world democratic order.

For developing these areas economically it will be necessary to make their economies broad-based by means of a diversification of their economic activity. This shall have to be mainly done by the modernization and rehabilitation of native agriculture and by large-scale industrialization. Both the nature and the organization of agriculture in these lands will have to be radically changed. The dependence on a few commercial crops for export shall have to be ended and land shall have to be diverted in a large measure to the production of other necessities of life, like food. In its organizational aspects, this will also mean the ending of plantation economy and the planned development of peasant proprietorships and co-operative farming, etc. This in its turn will necessitate a break-up of large plantations largely controlled and owned by Europeans. The breaking up of plantation economy is the essential condition of colonial reconstruction, and the extent of the willingness of the citizens of the colonial powers to do this will be the acid test of their sincerity for the colonial cause.

Besides this, the industrialization of these areas is also necessary for reducing their excessive dependence on agriculture. For this it will be necessary to put into effect a planned programme of developing small and large-scale industries as well as handicrafts. The realization of such a plan will require huge amounts of capital and this latter shall have to come from the rich countries of the West; for the poor colonial and dependent areas will be themselves unable to supply them. The future prosperity of the Western Countries is, in fact, dependent on their availing themselves of these vast investment opportunities in these backward areas as indicated at the beginning of this paper. The fact that 'world prosperity is indivisible' must be clearly realized and acted up to.

For this purpose mere lip-service to the principle of Trusteeship, or the more recent one of Partnership, by individual colonial countries will not be enough. It can be effectively practised only under an international authority. If the colonial powers continue to persist in their refusal to consent to such control, these principles will prove, as they have proved so far, a mere eye-wash. The social and economic development of these areas is a colossal task and will require enormous amounts of capital. An individual metropolitan country like Belgium or Holland, or for the matter of that even England, will hardly be able to supply or meet the needs of reconstruction in the colonial and dependent areas. Reference in this connexion might be made to the criticism voiced by a responsible journal regarding the funds, made available to the West Indies by the British Government, as not being enough both in time and in amount,

and that some poorer nations than Britain were spending more on their colonies.<sup>8</sup> The standard of the scale of expenditure in colonial areas has been set or exemplified by the U. S. A. in the Philippine Islands. The *per capita* national income there increased by six times during about 30 years of American rule. In 1924 while the Dutch East Indies spent 24 cents *per capita* on education and British India 27 cents, the *per capita* expenditure on education in the Philippine Islands was one dollar and 10 cents.<sup>9</sup> But it should be remembered that the U. S. A. could afford it only because of its unparalleled resources and the relatively small area of the Philippine Islands. The development of colonial and dependent areas therefore clearly calls for an international pooling of resources.<sup>10</sup> Otherwise the problem will be only solved in a partial and haphazard manner. Schemes of development under the aegis of an international body might take the form of regional councils. But what it really implies both in political and economic terms has been very concretely and pointedly expressed, in the following extract, by the Conference of the Institute of Pacific Relations in 1942.

'There cannot be divorce of power from responsibility. If the present colonial powers are to remain solely responsible for the security of the peoples concerned and for their economic and social progress, then it is obvious that they cannot accept direction from outside parties, which involve those parties in no collateral responsibility. If, however, the larger of the outside parties were prepared to accept, as part of an international system, their proportionate share of responsibility for the security and economic development of the peoples concerned,....the colonial powers should and would be prepared to grant more than merely advisory powers to the International Authority. But such assurances are essential<sup>11</sup>....'

Finally, it must be realized that, though the social and economic aspects of the colonial problem are no doubt important, it has a political aspect, also of an equal or perhaps greater importance. This aspect cannot be divorced from the economic and the social as is often sought to be done. As Prof. Walker remarks: 'Imperial reformers tend nowadays to salaam perfusorily before the throne of self-government and then hurry off to the day's work of furthering colonial development and welfare.'<sup>12</sup> This is undesirable. For without political liberation the new schemes and plans of economic and social development might prove self-defeating, as will be shown presently. Meanwhile it must be remembered that had the contact between the colonial and dependent areas and the metropolitan countries taken place only on the social and the economic level, as in the case of Japan, the former would have developed along radically different lines and would have prospered much more. The political aspect is thus vital and cannot be ignored or lost sight of.

If the colonial areas are weak economically, they are the more so politically, and their political problem bristles with innumerable difficulties. One of the most important facts in this connexion, regarding the populations of these areas, is that they are plural societies. Their populations are mixed in character. They consist of a number of more or less self-conscious groups, having different languages, traditions, occupations and modes of living, etc.

within a single political frame-work. These various groups have not yet evolved into homogeneous communities sharing a common civilization regardless of other diversities.

This fundamental fact renders the problem of self-government singularly difficult. For not being properly integrated communities, a common will or *volonté générale*, so essential for the progress and functioning of democratic and political institutions, is completely lacking in these societies. But this cannot be an excuse for the colonial powers to shelve the issue of their political liberation. Nor can they be excused for adopting a *non possumus* attitude in this connexion. The integration of these societies and their political advancement must be their active concern. This is indeed the supreme test that faces the colonial powers in the post-war world. The correctness of this view can be appreciated only by detailing further what this would involve and what sacrifice it would mean to the colonial powers in political terms.

An active policy of integration of these peoples shall mean in the first instance an educational drive in these lands as well as an effort at promoting indigenous culture and the revival of native traditions. But besides this educational and cultural rehabilitation, the elimination of alien and foreign communities in these countries shall have to be relentlessly pursued. For without this the introduction of democratic institutions becomes a mere farce. It is the common experience, in more than one empire, that the conferring of political power and responsibility in such highly sectionalized societies devolves in favour of the socially and economically powerful and vocal minorities of aliens and foreigners. These elements are mainly interested in the making of the largest and the quickest profits with which to retire to their mother country and they strenuously oppose anything that conflicts with their ends. The westernized natives in these areas, often forming a separate caste by themselves, are not less rapacious. All these groups, into whose hands political power invariably goes, combine to oppose such measures as the imposition of income-tax and advocate the levying of indirect taxes or poll or hut taxes which fall heavily on the native masses.<sup>18</sup> Thus, by seeking to evade the problem of taxation and expenditure, these groups cut at the very root of self-government; for in forcing the government in this way to rely on external sources of revenue they accentuate the dependence of these areas. This is how economic independence becomes impossible without political independence.

The principle of the elimination of foreigners has been at least partially accepted by metropolitan powers. But in most cases, as in Burma and Malaya, the resentment of the native population has been cleverly turned, by imperial politicians, against the groups of aliens other than Europeans, like Indians and Chinese. The cry of 'Burma for the Burmese' and 'Malaya for the Malayans' has often been directed mainly against these latter. It has proved, however, a shelter for the real foreigners, the Europeans. For the Indians and the Chinese are only the junior partners of the Europeans in the game of exploitation in these lands. The antipathy towards Chinese and Indians is being used as a safety-valve by European elements to consolidate their own position. This, of course, will not do. The elimination of foreign elements is a necessary

condition for the integration of colonial peoples, and Europeans will have to accept the first priority in this connexion. And this must be the rule. For this will mean for the colonial powers a sacrifice of political rights and power in these parts as well as a certain amount of prestige. It is a bitter pill to swallow and is therefore the acid test of their high-sounding statements regarding the colonial question. In solving the colonial problem, therefore, it will be necessary to go much further than the creation of mere Regional Councils for supervision. The political education of the colonial peoples shall have to be actively undertaken. Their integration will entail a withdrawal of European stakes in these lands, as well as the elimination of other foreign elements. The colonial peoples shall have to be made self-conscious and self-governing. Indirect rule has so far merely taught Malayans and others the European methods of governing a subject people rather than the art of self-government. This will have to be radically changed, and this precisely will be the hardest thing for the colonial powers to act up to. For imperialism can tolerate some sort of economic rivalry, but political rivalry cuts too close to its heart. Thus the shedding of imperialism by the Western countries will be an essential condition of the liberation of colonial and dependent areas.

<sup>4</sup> Rupert Emerson *Malaysia: A Study in Direct And Indirect Rule*, 1937, p. 468.

<sup>5</sup> McCellan: *Colonial Progress in Central Africa*, Foreign Policy Reports, 15 May, 1944.

<sup>6</sup> Lord Hailey: *The Feature of Colonial Peoples*, 1944, p. 60

<sup>7</sup> Eric A. Walker: *Colonies*, 1944, p. 158

<sup>8</sup> *The Anti-Slavery Reporter and the Aborigines' Friend*, April 1943, p. 9-10.

<sup>9</sup> W. Cameron Forbes: *The Philippine Islands*, 1928, Vol II, p. 397.

<sup>10</sup> See in this connexion the discussion regarding the capital requirements of economically backward areas and the respective capacities of individual countries to supply them (which arrives at a similar conclusion in Eugene Staley, *World Economic Development-Effects on Advanced Industrial Countries*, International Labour Office, 1944, pp. 78, 79 and 81-91).

<sup>11</sup> *From War and Peace in the Pacific*, published by the Institute of Pacific Relations, Quoted by Julian Huxley in *FREEDOM AND COLONIES*, *The Republic*, 24, January 1944.

<sup>12</sup> op. cit., p.136.

<sup>13</sup> See, Walker, op. cit., pp. 92-93.

## THE TRANSITION FROM WAR TO PEACE IN INDIA

*By GYAN CHAND*

THE problems of transition from war to peace in India are, in some very significant respects, different from the problems in most other countries. The war is, it is now admitted, the most acute phase of the crisis which the world has been passing through since 1931, and is essentially revolutionary in its nature, i.e., it is bound to be followed by results which will amount to a revolution in the relations of men and groups within and between nations. A return to the past is impossible anywhere and 'normalcy' has lost its meaning as a guide to policy and action. The peace, which men are hoping and working for everywhere, has to be a new chapter in human history, and this fact must determine the choice of means and ends in the immediate future.

The above consideration applies to India as much as to other countries of the world. But the conditions in India are in some important respects very different and must affect profoundly the policies of change-over from war to peace. The first important difference in India is that the war has not meant the total effort which other nations have put forth because of their full faith in war objectives and, of course, for the exigencies of the war itself. Conscription has not been introduced in this country, but the withdrawal of two million men (that is the size of the expanded army in India) from peace-time occupations has not raised any problem of substitution during the war, and this will make the problem of demobilization different in this country. These men have been mostly drawn from agriculture in which there is a very large surplus of labour which has only been very partially reduced by the enlistment of these two million men. They have been mostly recruited from the ranks of agricultural labourers and small peasants, whose life is hard and precarious and for whom, therefore, recruitment provided an opportunity of escape from extremely difficult conditions of life. Their recruitment left no gaps which had to be filled and their return to the villages will only mean that they will slightly, but very slightly, increase the pressure on the soil. They are only half a per cent of the total population of the country, and if they can settle down to their pre-war life, there will hardly be any problem of re-absorption or re-training which in other countries has to be given priority in the list of post-war problems.

But all the same the problem will arise. It is extremely unlikely that these men will be content to go back to where they came from. Their life in the army has given them a taste for a much better life than what they had known in the past and to which they will be very loth to return. In spite of the risks of war, a military career gave them status, income and adventure for which the moribund rural economy of India provides no scope. On demobilization these men will find it impossible to accept the rigours of life to which they were accustomed and from which their enlistment was an escape. The pay of soldiers in India is low—very low—compared with that of soldiers in other countries, but such is the poverty of the bulk of our people that even the low wage means very great improvement in the economic condition of our soldiers. If the demobilized soldiers go back to the villages to which they belong they will be a disturbing factor in the life of the people and find it very difficult to acquiesce in the condition of life which before joining the army was all that they had known or hoped for. The problem will really be more psychological than economic, but will have profound economic consequences. Their discontent could have a constructive value and they could serve as a leaven in the rural economy of India, were it not as stagnant and repressive as it actually is. Their experiences in the army, their newly acquired regular and orderly habits, their capacity for disciplined action and in some cases for organization and leadership, and of course acquaintance with better living conditions—would enable them to become leaders in the work of rural reconstruction. But this, except in very rare cases, will not happen because in India much more than in even the most backward countries of Europe and

America, agriculture, is a blind alley. There is no scope for constructive leadership, for the exercise of mental and moral qualities of any high order; and the conditions will remain unchanged unless the whole mental atmosphere of rural life is altered by increasing the size of the unit of cultivation, modernizing its methods, changing radically the system of agrarian relations and reducing the pressure of population on the soil. This, of course, means that there is no hope for agriculture without an agricultural and agrarian revolution. Whether ultimately this revolution will or will not take place is a matter for speculation, but it is certain that the re-assimilation of the demobilized soldiers in our rural economy will not be facilitated by the changes which are contemplated or can be introduced soon after the war.

The Government of India is reserving a certain number of posts and is acquiring land for settlement for the demobilized men. These two methods will, however, provide very limited outlet for these men. About a few thousand men, mostly of middle classes, can be given Government jobs by the method of reservation, but this will touch but the fringe of the problem. The extension of cultivation by bringing land now uncultivated under the plough would go a long way in solving the problem if thirty to forty million acres of land could be added to the arable area of the country. In India almost all the cultivable land is, however, under cultivation and that which is not cultivated is practically uncultivable. There are over 100 million acres of land which may possibly be reclaimed and made available for cultivation. But this is just a possibility, and even regarding their reclaimability there is a difference of opinion. Anyway, so far as the immediate post-war period is concerned, the position has to be accepted that there is not any considerable room for settlement of agriculturists on new land and we have to get on as best as we can with the land already under cultivation. This means that any large-scale settlement is out of the question and most of the demobilized soldiers will have either to be contented with the low position of agricultural labourers or small peasants or leave agriculture and take to new walks of life.

Unfortunately the latter course is also not open to them. In India, contrary to the official propaganda, the war has been a period of retarded rather than accelerated industrial development; and though industrial expansion is universally desired by Indians, economic and technical conditions render it well-nigh impossible to expect anything like a spurt in industrial progress soon after the war; and the chances are that in India there will remain the problem of industrial unemployment rather than one of employment of more men in industries. The demobilized soldiers will, for these reasons, present a problem for which it will be difficult to find a solution. They will be out of place in agriculture and there will be little or practically no place for them elsewhere. The way they will react to the new situation is not known, but they are likely to become an important and unstable element in post-war social discontents in this country.

Just because in India war industries have not grown at all or grown in a manner which bears no comparison with the development in countries like the U. S. A., Great Britain, Canada and even Australia, the problems of the transi-

tion in India will not include the problems of conversion or reconversion of war industries to peace uses. The Government ordnance factories apart, hardly any noticeable development has taken place in the industrial structure of the country. Production of coal, cloth, jute, paper, cement, matches and sugar has either remained at pre-war level or actually decreased. Production of steel is known to have increased, but, in spite of the fact that publication of the figures has been withheld for some time, it is safe to assume that the increase is on a modest scale and the whole of it could easily be absorbed to meet home demands. The establishment of industries like aluminium, rubber, fertilizers and heavy chemicals has taken place but the degree of development has been limited, and though they will raise problems of their own (among them the increased control of our industrial system by foreigners), the problem of surplus productive capacity will not be among them, and, subject to comparatively minor readjustments, it is likely that our large-scale industries will change over from war to peace production without any heavy jolt or severe shake-up. In India war effort has, in the main, meant the diversion of pre-war productive capacity to war purposes and not the establishment of new war industries or large-scale conversions of the old ones for war purposes. All our shortages are due to the fact that our imports have been cut off and our production of consumption-goods industries has been utilized mostly for war purposes. After the war these industries will be able to produce for the market but this will not involve any major changes or problems of conversion or reconversion.

One problem that will arise will be that of making up for the neglected depreciation of our industrial plants during the war. Our industrial plants in a number of cases have been over-worked and it has been impossible to maintain normal repairs or make up for the wear and tear of industrial equipment of all sorts. Our industries will not only stand in urgent need of carrying through a programme of replacement but also of modernization of technique. In other countries, the war has, it is well-known, brought about enormous changes in the technique of production; besides, large-scale rationalization of industries is contemplated and is likely to be taken in hand. Indian industries will have to be modernized if they are to hold their own after the war and their standard of efficiency raised to a much higher level. All this would necessitate heavy imports of machinery for replacement and rationalization. The important limiting factor in the execution of this programme will be the ability of countries like the U. S. A. and Great Britain to meet the Indian demand, and that may create difficulties beyond our own control.

The real problem of transition will, however, be the problem of accelerating the pace of industrial progress in order to liquidate the heavy accumulated arrears of the past. Strictly speaking this is not a problem of transition but of long-term development. But as stated already, the industrial development of the country in the war period has been retarded by Government (controlled from Whitehall and entirely out of accord with all sections of public opinion in the country) and the essential needs of the country have, owing to serious gaps in our production, not been provided for. Even to

attain the pace of the pre-war industrial progress of the country it would be necessary to quicken the rate of the growth of Indian industries. But the pre-war rate of development itself fell far short of the needs of this country. The post-war problem of industrial development will, therefore, be primarily the problem of going ahead with those plans of industrialization which should have been taken in hand long before the war. These plans will have to be proceeded with the utmost earnestness and speed in order that the country may be in a position to realize its possibilities to the full and take its due place among other nations by virtue of her economic strength and contributions to world prosperity.

India has suffered during the war seriously from shortage of food; it is expected that this shortage will last for another five years. After a series of experiments, rationing in towns, covering a population of nearly forty million, is in operation, and it will probably be necessary to continue and extend it. But it has to be borne in mind that agricultural labourers have been the worst sufferers owing to food shortage and depleted vitality. Most of the deaths in Bengal and other parts of the country due to starvation and epidemics have taken place among them and they are in no position to bear further the strain of inordinately high prices and food scarcity. Food shortage in India is due to the stoppage of rice imports from Burma, disorganization of markets caused by inflationary rise of prices, demands of the Army authorities and the growth of population. Prices have been comparatively stabilized for the last few months, but they continue to be very high. The other factors are still at work, and for two or three years the normal import from Burma will most likely not be resumed. It may be assumed that India will be relieved from the strain of the Army demands after the war. But it is not certain whether a further rise in prices will be held in check, for inflation in this country has not been stopped and the intensification of military operations against Japan after the defeat of Germany may, it is feared, increase it. It is, therefore, not certain what the food position in this country will be after the war. There will be food shortage but its degree and acuteness cannot be predicted. No short-term measures, except assistance from the Allied nations, can be taken to meet the situation. The degree of the Allied assistance being an unknown factor, it is very difficult to say how serious the position will be. The outlook is, therefore, extremely disquieting and the prospect of continuance of malnutrition on a large scale and its natural results, epidemics and increase in the death rate which is already the highest in the world, have to be faced.

The problem of currency and exchange in India has also some special features of its own. The rate of Indian currency in terms of sterling has been fixed, but as the rise in prices in India is much greater than in most other countries, there is reason to believe that Indian currency is at present overvalued and will most likely remain so after the war. But the more important aspect of the problem is that India has suffered, and is suffering from the expansion of Indian currency necessitated by the Allied military operations and purchases in this country. These have had to be financed by continuous

increase of Indian currency. Our people have suffered as did the occupied countries of Europe on account of the expansion of their currency forced upon them by the German military authorities, and our people will suffer as these countries are likely to by the expenditure on foreign armies of liberation which must exercise inflationary influence over their prices. India cannot stand any further increase in inflationary pressure; and if the position becomes worse, a situation of extreme gravity is bound to arise. But if we can pull through the remaining years of war without suffering irretrievable damage, the inflationary situation will have to be faced after the war and measures will have to be devised for mopping up surplus currency.

The first step will have to be the reconsideration of the exchange, and if the rate remains above parity level, as it is today, its revision will become an initial measure of great importance. But that in itself will not remedy the inflationary situation. India has accumulated large balances in London during the war which are at present virtually blocked. They will have to be 'unblocked' in order to mitigate Indo-British distrust and help India to embark upon schemes of development. The best method of realizing this object will be to grant India a long-term loan on the security of these balances and provide for its gradual amortization by a series of annuity payments by Great Britain. This will serve the purpose of a stabilization loan and stimulate trade and industry, if the loan is wisely invested in public utility undertakings mostly and thereby reduce the relative redundancy of currency. Though a rapid fall of prices will have to be avoided and the deflationary pressure eased, some contraction of currency will be necessary which, however, need not cause excessive strain. The real remedy for the situation will, however, be the increase of goods through international aid and the recovery of internal and external trade of the country.

These measures will serve as palliatives, but India's transition from war to peace, even more than in other countries, must mean not return to the past but rather a rapid liquidation of it. The war will leave behind in India a legacy of frustration, bitter memories of missed opportunities and acute awareness of a struggle for power in which the progressive forces will find vested interests, both British and Indian, arrayed against them. In India thus freedom's battle will still have to be won. This feeling will make the process of transition difficult and possibly prolonged. It may perhaps be too much to expect that India will be placed in a position to work out her own destiny with a generous measure of assistance from and the goodwill of Great Britain. But it is possible that the international situation may be in favour of the countries aspiring to be free and India may also be benefited by it.

The uncertainty of our political future complicates the situation and renders forecast very difficult. But if the big 'If' be granted that India will be free and in a position to use her large moral and material resources, the problem of liquidation of the past, which for her is the real problem of transition, will not be found intractable. This will involve truly revolutionary changes in this country, embracing political as well as economic democracy, concerted measures for all-round economic development, efforts to reach a level

at which economic and social security for all may be provided, the finding of opportunities for all to show their worth and use it to good purpose and, perhaps the release of new and even unsuspected forces making for progress. At present we are living under conditions which make cynicism the natural reaction to all forecasts of the future. Unless the past really passes away, the problem of transition will remain unsolved. Transition to peace in India must mean transition to a future entirely unlike the past,—transition from chronic starvation, disease, death and stagnation to a state of things in which these become half-forgotten memories and life becomes worth living for our people. Demobilization, military and economic, conversion of industries, etc., are minor problems of transition, and even as such may possibly remain insoluble because of the inhibiting conditions under which their solution will have to be sought and attempted. Their solution, however, is only a part of the bigger solution of our basic problem of poverty and economic deadlock.

## RECENT POLITICAL TRENDS IN THE MIDDLE EAST:—PAN- ISLAMISM TO NATIONALISM

*By MOHAMMAD HABIB*

A FOREIGN observer, if asked to describe the force that was convulsing the Muslim world (outside Persia) in the second half of the nineteenth century, would not have hesitated to call it Pan-Islamism. And as the twentieth century started on its stormy career, he would have felt that his opinion was being confirmed. And yet no judgment could have been more erroneous.

### I

The essence of the Pan-Islamic Movement was the Khilafat or Caliphate and the essence of the Khilafat Movement was no more than goodwill towards the Ottoman Turks. Respect for the Turkish race had sunk deep in the Muslim mind. The Turks had throughout the middle ages been the predominant element in all Muslim States from Egypt to India and Chinese Turkestan, and almost all our medieval ruling dynasties were Turkish. And now one section of that brave and war-like race had for two centuries been resisting the advance of western powers. It was entitled to the goodwill of its fellow-Muslims and of the whole East. The non-Turkish subjects of the Sultan-Caliph of Constantinople (mostly Arabs) may not be inclined to overlook the patent facts of nepotism, mis-government, hideous overtaxa-tion, or their exclusion from political privileges. Even the Turkish subjects of the Empire may be gradually driven to conclude that the continuation of the Khilafat was incompatible with the sane and sensible government of their country, which it placed on a reactionary, medieval basis. But Mussalmans outside the Turkish Empire were not primarily concerned with how the Empire was governed or the welfare of its inhabitants; for them

the Turkish Empire was the only Muslim power which could still assure the self-respect of Islam as a world-historic movement. Issues were confused. Liberal-minded Muslims outside Turkey thought that the Khilafat stood for progress. English Conservatives went out of their way to nurse the pro-Turkish sentiment among the Indian Mussalmans, for Turkey was by its geographical situation an anti-Russian power. Pious Mussalmans all over the world looked upon the Sultan-Caliph with great respect as the Protector of the Holy Places and it seemed possible to show that the maintenance of his authority as an international power was a part of their religious creed.

Nevertheless, it is easy to see that the Pan-Islamic sentiment that centred round the Khilafat was reactionary and negative. It was also very, very hollow. When the test of the Great War of 1914 came, the Muslim subjects of European powers were ready to die for their political masters; the Arab subjects of the Empire were induced by the Allies to revolt; and the Turks, anxious to put their nation on a *rational* basis in a new world order, very wisely decided to bring the out-of-date institution to an end.

'While a Pan-Islamic movement,' says an imperialistic writer, 'flickered and now and again blazed in the Middle East, lo ! the New Turks must needs oust their Sultan first from political and then from religious power....At one blow Mustafa Kemal had cut the ground from below the zealots in India, many of them earnest Muslims dancing unwillingly to a politician's tune.'<sup>1</sup>

Of the important notes of the 'politician's tune' something must be said. Whatever the religious arguments that may have been put forward *at the time* for political reasons, there has never been any difference of opinion on the matter among the learned divines of Islam. The Quran while prescribing only a conditional obedience to 'the ruler' (*ulul amr*) says nothing about the Caliphate; it is as silent about the Caliphate as the Bible is about the Pope. The Prophet made no regulations about it; a few traditions have been attributed to him in later days but their authenticity has been always doubted, and they would, in any case, have no application to an Ottoman Caliphate which had ceased to control the Holy Places.<sup>2</sup> The basis of the Caliphate is to be found not in the Quran or the Hadis but in *ijma* or the consensus of opinion of the Faithful. And as such the Caliphate ended with Hazrat Ali. The four Pious Caliphs (*the Khulafa-i-Rashidin*) are the only Caliphs or successors of the Prophet. The later Caliphs—Omayyads, Abbasides and Ottomans—are only Caliphs 'by courtesy,' and too much emphasis must not be laid on that term. They succeeded to power by hereditary right and through the support of the higher officers. The mass of the Faithful (*Mominin*) were not allowed to have any say in the matter, and the utmost they could do was to rectify a very bad choice by rebellion. The independent princes, who rose to power in the tenth century of the Christian era, generally got a decree of appointment from the Baghdad Caliph *after* their accession. But they were not subordinate to him in any way. In the centuries that followed, the title of 'Caliph' in our eastern world was used as equivalent to Shah, Sultan or ruler. In India during the Sultanate Period, the Caliph, if discoverable, was theoretically recognized; when it was impossible to find out his name

and address, the words 'Caliph of the Muslims' were superscribed on the coins. During the Moghul period there could be no question of recognizing any foreign authority. The overwhelming number of Mussalmans who have trod our globe during the last thirteen hundred years have not even offered their allegiance to a pseudo-Caliph. Our greatest religious thinkers of the middle ages have not cared to discuss the Caliphate problem and the great treatises on the Islamic *Shariat* (Law) pass it by. Only half-a-dozen medieval authors of some eminence have condescended to lay down the law for a non-existent Caliphate. The Pious Caliphate was by its nature transitional; it could not outlive the era of the Prophet's Companions. The Dynastic Caliphates that followed it were defective enough in their own days and can be no guide for the future. It is but common sense that a creed, which aspires to be world-wide and universal, cannot allow itself to be tied down to a particular form of government. Islam, as such, has moral and social precepts; but it has no political theory and leaves the whole question to secular reason. No one has yet succeeded in evolving even the outline of a modern constitution from the Quran and the Traditions.

No Pan-Islamic plan for the reorganization of the Muslim world was ever drawn up, and whatever the wishes of the Mussalmans of India may have been, the Muslim peoples primarily concerned were not prepared after the Great war to tolerate any form of political organization except the national State, territorial and independent. Would it be possible to bring these States into a federation or confederation? A conference convened at Cairo in 1924 to consider the question ended in a farce. Later discussion has proved that the principles of the Sadabad Pacts give the utmost that is possible, i. e., elimination of war between Muslim States by the settlement of *all* questions by arbitration, and neutrality and goodwill in time of war. Muslim social brotherhood is a different matter; it has outlasted hundreds of dynastic, national and civil strifes and is independent of time, space and forms of governments. Even in India the thoroughness with which the Pakistan idea has displaced the Khilafat Movement is as significant as it is disconcerting. Essentially it means that even the Mussalmans of India realize that the days of the Muslim International Caliphate are gone and that in India, as elsewhere, Islam must find its expression through a territorial State, national and sovereign. A Mussalman who still believes in the Caliphate may be safely put down as a mental case.

## II

Among the subjects of the Muslim States, whether independent or semi-independent, Pan-Islamism never made any real headway, in spite of the encouragement given to it by Sultan Abdul Hamid II and some brilliant writers. The real desire was for liberty, guaranteed by a written constitution, and for the inestimable blessings it brings—security of life and property, freedom of speech, careers open to talent, a really free and representative press. The existing governments were harsh, cruel and reactionary; they were without plan and vision; and all they strove for was the conti-

nuance of their own power through terrorism and murder.

Three remarkable potentates Amir Abdur Rahman of Afghanistan, Nasiruddin Shah Qachar of Persia and Abdul Hamid II of Turkey—were destined to obtain a transient reputation, and two of them have left autobiographies of great significance to the psycho-analyst. Today their names are dust. In all the three cases the story is the same. ‘The knife and the rope,’ says General Macmunn, ‘the cannon’s mouth and the poison’s bowl, between them rid the land of all those who, in Abdur Rahman’s opinion, were inimical to the interests of Afghanistan as personified by him. And it cannot be said that the British were always proud of their new friend. But a friend he remained for his own sake and theirs; and British wisdom and foresight in Afghan affairs were for the first time justified.’ His apology or justification was the same as of all reactionary rulers. ‘You say, I am an iron ruler; well, I rule an iron people.’ Any Indian who has wandered unarmed and unprotected in the city-streets and villages of Afghanistan will testify to the fact that the Afghans are as peaceful, courteous and hospitable as any other people. But if you drive them to despair by your cruel laws and cruel financial exactions, then matters stand on a different footing. They have a manliness which few equal and none surpass. Amanullah governed the country for ten years and the present regime has been in power since 1929. Neither of them has found it necessary to resort to the ruthless methods of the ‘Great Amir’ (*Amirul Kabir*) and under the present regime at least order is better maintained than in British India. The memory of the Great Amir is not honoured in his own country. His mausoleum stands near the buildings of the Ministry of Education, a lively place, but among a people famous for honouring the dead, I found no Afghan approaching the cenotaph under the big dome to recite *fatiba* (blessings) for the soul of the Great Amir. This struck me as odd, but when I inquired into the matter, I was told of a saying of King Amanullah that ‘the Great Amir’s soul should feel grateful if his grave was just left untouched.’ Of the murders committed by Abdul Hamid II it is difficult to speak with self-restraint. The noblest and the wisest leaders of the Turkish people disappeared suddenly, spirited away by his secret police, and it was discovered later on that they had been drowned in the Golden Horn. Meanwhile the Sultan-Caliph of Islam lived terror-stricken in his own palace, migrating from room to room from a cowardly fear of assassination. Unlike his two royal contemporaries, Nasiruddin Shah of Persia was not a man of blood, except where the Bahais were concerned. But he had equally grave defects of a different character. ‘During his long reign the most disastrous obscurantism reigned supreme. Authority was shared by an uncontrolled Oriental despotism bound by no law and the utterly ignorant and corrupt clergy. There was absolute chaos in the administration, in the distant provinces that were difficult of access, and in the finances of the realm. The State revenue and the princes’ private fortune were not separated. All official positions, whether of the most exalted governors or the smaller local despots, were obtainable by bribery and could be had by no other means. The price was recouped a hun-

dred times over by oppressive taxes and the sale of subordinate offices. By these methods the upper classes enriched themselves, and the burdensome taxes all fell upon the common people. This Shah was the first Persian sovereign to travel in Europe, and in the later years of his reign the constantly increasing extravagance of the court and the resulting shortage of money drove him to borrow from European powers at excessive rates of interest, which involved repeated concessions to foreigners. The nation's resources and opportunities were sold cheap to foreign companies. In those days there was not even a trace of modern, nor even ordered, education, administration or justice.<sup>23</sup>

Both in Turkey and Persia the desire for constitutional government took precedence of everything else. And in so far as a constitution could be given by the king or the executive, both the Young Turks and the Persians succeeded in their object. But conditions for the success of a constitutional regime were altogether wanting. There was no movement for the establishment of a constitution in Afghanistan and Amir Abdul Rahman, firm in the support of his British protectors, could write confidently in his *Autobiography*: 'I must strongly urge my sons and successors never to make themselves puppets in the hands of the representatives of constitutional government.' But his late Majesty, King Nadir Shah, did not feel bound to follow this advice. He gave his country a regular, written constitution, and in the four years of power, which were unfortunately all that Fate allowed him, he did his best to train the Chambers in the methods of parliamentary democracy.

There was an equally strong desire for the elimination of all those restrictions on national freedom which European powers had imposed. Apart from their control of the foreign policy of the country, the concessions obtained by European powers were both humiliating and unjust. All cases in which one of the parties was a European, or even the Asiatic subject of a European power, were tried by the consular courts of the European country. Both the people and the government were helpless. Among the 'free-shooting' Afghans the concessions fortunately never came into existence. But in Egypt, Turkey and Persia, as in far off China, the 'concessions' became a veritable curse. All kinds of Europeans—travellers, merchants, adventurers, prostitutes from the Balkans—flourished under the 'concessions', defied the law of the land, and lived a privileged existence, lording it over the sons of the soil. The apology for the 'concessions' was that the native judiciary and executive were not trustworthy by European standards and that the law of the Muslim *shariat*, the only law known to native courts, was inapplicable to foreigners.

If national freedom and constitutional liberty were assured, it would be possible to establish progressive governments that would really work for the public weal. The whole medieval wreckage had to be cleared. Oriental nations that had for centuries past been in the forefront of civilization were now lagging behind the most backward of European countries. The industrial Revolution of the eighteenth century, and the change of the social fabric which it brought in its train had spread from England to the continent of Europe. The world had entered an age of education, of science, and of the machine.

The East had to accommodate itself to the new conditions of life—or perish. That was the real problem. Every department of life—religious, educational, cultural, social and economic—required a thorough overhauling Good-bye to the middle ages.

It was obvious that the new social order could only be organized by the national State and its law. In a way nationalism is as old as civilization itself, for a man by his fate is tied down to his soil—the soil which he cultivates, the soil for which he is taxed, the soil to which he returns. Nevertheless different ages have given nationalism a varying emphasis and interpreted it in different forms. The territorial national State did not emerge in Europe till the sixteenth century, and the same causes were bringing it into existence in the East. The process was both desirable and inevitable.

<sup>1</sup> Lt. General Sir George Macmunn, Afghanistan, from *Daris to Amanullah*.

<sup>2</sup> The Tradition, "Leadership is for the Quraish" was often quoted, but it lost its flavour when the last Abbaside Caliph, living as a pensioner in Egypt, surrendered the Caliphate to the Ottomans. Contrary Traditions of the Prophet are also available and most of them have a democratic flavour. If a deformed Abyssinian slave leads you aright, follow him', the Prophet said in his last speech at Mecca, 'Ye are of one brotherhood.' Dictatorship and monarchy are both alien to the social and religious spirit of Islam. The Prophet himself, as is well-known, often allowed his opinions to be overruled by the *secular wisdom* of his Companions.

<sup>3</sup> The Europeanisation of Persia made considerable progress during Nasiruddin's reign among the upper classes. The Shah's grave is perhaps the best—I am inclined to say, the ghastliest—example of it. He lies buried in a hall of the mausoleum of Shah Abdul Azim, some eight miles from Tehran. There is a full-size portrait of Hazrat Ali on one side of the grave and of the Arabian Prophet on the other; on the third (northern) side are the portraits of two boys, Imam Hasan and Imam Husain. Over the cenotaph of the grave the statue of the Shah stretches itself at full length like a medieval European knight praying for Divine forgiveness with raised hands. The reply of Heaven to his supplication is not known, but when I visited the place a 'ahlavi soldier was always on guard, treading the costly carpets round the cenotaph with his thick, nailed boots. 'It is his duty to prevent the female pilgrims from praying at this grave also', my Persian friend remarked.

## DUMBARTON OAKS

By A. APPADORAI

As the war is coming to an end, the question which every one asks himself is whether this will be the last war. And rightly. For not only is the social cost of war, so long as it lasts, immense in terms of human suffering and the destruction of materials; it leaves behind many unsolved problems, the solution of which is extremely difficult. The desire to prevent another war expresses itself in efforts to establish collective security.

One difference can be noticed between now and 1918—the last year of the last war: the problem of maintaining world security was then discussed by statesmen *after* the war was over. This time a blue print for it has already been prepared: the Dumbarton Oaks plan published on 9 October, 1944 and forming the basis of discussion at San Francisco on 25 April, 1945. Let us place this plan in the context of world experience from 1919-39, analyze its basic features, and suggest improvements if we can—for the authors of the plan have invited the whole world to tell them how the plan could be improved.

The League of Nations, which by the way still exists, hoped to provide security essentially in three ways: First, by tackling some of the underlying causes of war—such as territorial ambitions of nations, armaments and secret treaties. Its member-States thus promised to respect the territorial integrity and political independence of all members of the League; it recognized that disarmament, if a workable plan could be devised, would be helpful; it made provision for the registration of treaties with the League Secretariat. Second, if a dispute arose between nations which was likely to lead to war, there was provision for delay in which that dispute could be examined—by arbitration, judicial examination or enquiry by the Council—and during which time the parties to the dispute should abstain from hostile action. Third, if, nevertheless, the dispute did lead to war, certain sanctions were provided: economic boycott and even the provision of military forces by all members—by which the aggressor could be brought to book and the war ended as quickly as possible.

We shall not examine here why all these failed to achieve their objective; but on two points, disarmament and the application of sanctions, a remark or two are relevant. The League's effort to bring about disarmament failed: the reduction of national armaments consistent with national safety was found difficult in the absence of reliable collective security. On the application of sanctions, the lesson of experience is that if a potential aggressor must be effectively restrained, he must know that effective action will, without doubt and without delay, be taken against him if he violates international law; events show that during 1919-39,—and specially after 1931 when the League refused to take action against Japan though it was clear that in invading Manchuria Japan was the aggressor—the aggressor could almost certainly forecast that such combined action would *not* be taken against him.

#### IN SOME RESPECTS AN IMPROVEMENT ON THE LEAGUE COVENANT

The Dumbarton Oaks scheme is in one respect an improvement on the League Covenant: it explicitly recognizes the fact that the primary responsibility for the preservation of security is that of those nations who have much the greater part of the military resources and the economic potential of the world. This was not made clear in the League Covenant. The basic features of the new scheme are as follows: Any peace-loving State could become a member of the organization which would be called the United Nations. It is to have six main bodies: a General Assembly composed of representatives of all member-States, each State having one vote; a Security Council with eleven members: the United States, Great Britain, the Soviet Union, China and eventually France would have permanent seats, while six States would be elected for two-year terms by the Assembly; an International Court of Justice; a Secretariat; an Economic and Social Council of eighteen members elected by the Assembly for three-year terms: and a Military Staff Committee composed of the Chiefs of Staff of the permanent members of the Security Council or their representatives with provision for the participation by other States when necessary.

In the context of security, the most important body in the new organization is the Security Council, and within the Security Council that part composed of representatives of the major powers with permanent seats. The Charter, it is stated specifically, should confer on the Security Council primary responsibility for the maintenance of international security; all members of the organization are asked to obligate themselves to accept the decisions of the Security Council and to carry them out. It is the function of the Security Council to investigate any dispute or any situation the continuance of which might lead to international friction or give rise to a dispute; to call upon States to settle their disputes by negotiation, mediation, conciliation, arbitration or judicial settlement or other peaceful means of their own choice; to recommend to States appropriate procedures or methods of adjustment of disputes likely to threaten the maintenance of international security; to determine whether any situation threatens the peace or involves a breach of the peace, and to take such measures necessary to maintain or restore peace; to take diplomatic, economic, and other measures to give effect to its decisions, and to employ air, naval or land forces to maintain or restore international peace, if measures of short force prove inadequate. The admission of new States to the organization and their expulsion from it and the suspension of their rights can be made only by the recommendation of the Security Council. Further, the General Assembly is prohibited from making recommendations on its own initiative on any matter relating to the maintenance of international peace and security which is being dealt with by the Security Council, and any questions on which action is necessary should be referred to the Security Council by the General Assembly either before or after discussion.

The emphasis, within the Council, on its permanent members is indicated by (1) the requirement that the concurring votes of permanent members are required for all vital decisions of the Council affecting security as is explained below and (2) the clause which states that the Military Staff Committee should be composed of the Chiefs of Staff of the permanent members of the Council and their representatives.

Is this scheme satisfactory? Is it likely to succeed in its objective? The exclusion of the United States from the outset and the recognition of the Soviet Union as a leading Power are likely to give the new body a more solid foundation and greater strength against aggression than the League required. The scheme is more realistic than the League Covenant in so far as it places the responsibility for security where power lies; that responsibility was under the League of Nations Covenant spread thin over all member-States. A small body, the Security Council, is given the primary responsibility for the maintenance of peace and security. That Council is so organized as to be able to function continuously, each member-State being permanently represented at the headquarters of the organization. It is also provided, in order that the decisions of the Council should be authoritative, that there should be periodic meetings at which each member-State of the Council could, if it so desired, be represented by a member of the Government; the more this provision is put into effect, the better.

Further, it is to be made clear to the Security Council from whom and when it would obtain the military forces that might be needed to check aggression, for agreements governing the number and types of forces and the nature of the facilities and assistance to be provided are to be negotiated subject to approval by the Security Council. The Security Council could call upon some or all members to make available the forces, facilities, or assistance thus agreed upon including national air-force contingents which member-States would hold immediately available to enable urgent military measures to be taken by the organization. Clearly, sanctions against the aggressor are likely to be more certain and more quickly applied and therefore more effective than they were under the League Covenant. It may of course be argued that, at the crucial moment, a member-State might not keep its word and withhold the forces which it had by the agreement promised to make available; in that case the organization fails. But then it may justly be answered that an *inter-national* body, as distinguished from a super-State, with its own police force raised, trained, and paid for by itself, can hardly go farther than has been indicated above, and nations are not prepared for a super-State being jealous of their sovereignty.

#### VOTING PROCEDURE EXAMINED

The real flaw in the scheme lies elsewhere: The smaller nations, the larger nations like India who are now militarily and industrially less advanced than the Great Powers and the enemy States who will be defeated in the present war will suspect that the vast powers vested in the organization may be used by the Great Powers for the maintenance of security plus *status quo*, i.e., the interests of the Great Powers. The world is not static; but those who benefit from the *status quo* will always try to suppress by force the protagonists of change. This may involve injustice; and it is not wrong to argue that a just war is on the whole preferable to a permanent unjust peace. This suspicion is caused by a note within brackets inserted in the Dumbarton Oaks proposals as originally published, viz., the question of voting procedure in the Security Council is still under consideration. It is well known that there was an important difference of opinion among Britain, the U. S. A. and the Soviet Union on the subject. The difference turned on whether coercive action by the Council is to depend upon unanimity among the permanent members; the Soviet Union, it is also known, desired to prevent the Council even from raising any issue concerning a permanent member unless that permanent member agreed to it. The suspicion is only strengthened by the voting procedure which was later agreed upon at Yalta and is mentioned as a supplement to the original proposals in the invitation issued to the several countries for participating in the San Francisco Conference:

*Firstly:* Each member of the Security Council should have one vote.

*Secondly:* The decisions of the Security Council on procedural matters should be made by an affirmative vote of seven members.

*Thirdly:* The decisions of the Security Council on all other matters should be made by an affirmative vote of seven members, including concurring votes of permanent members, provided that in decisions under chapter 8,

Section A, and under second sentence of para one of Chapter 8, Section C, a party to the dispute should abstain from voting.

This means that in all cases not involving punitive measures, the parties to the dispute, even if a permanent member is a party, will not be able to vote; but in cases involving punitive action, whether economic or military, against any nation charged with aggressive intention or actions, decisions may be taken only when seven including the Big Five have voted for it.

This proposal has been supported on two grounds:

(i) This is a genuine compromise in that the original Soviet position would have prevented the Security Council from raising any issue that a permanent member did not wish to be discussed, whereas, under the present formula nothing prevents the Council members from raising, for example, the Palestine question without fear of a British veto since Britain would be unable to vote on it. Thus although the power of veto could be invoked in the event of economic or military sanctions, the Council would be able to condemn an aggressor and rally public opinion.

(ii) Any other course is too academic, for if the Big Five split, the organization will be divided in any case and the members can and will act as they like. What is necessary now, above all, is to maintain the unity of the United Nations, and to depend on that unity to lay the foundations of a lasting peace.

But as against these considerations, there are substantial, and in my opinion decisive, arguments which make a revision of the voting procedure imperative:

(i) The knowledge that unanimity among the Great Powers—including that Great Power which might happen to be a party to a dispute—is a pre-condition to the application of coercive power is likely to vitiate the decisions and the discussions at all stages in the handling of a dispute by the Council. If Italy, for instance, were reckoned a Great Power in 1934-6 (with the right to a permanent seat in a Security Council of the kind proposed), the knowledge that sanctions could not in effect be applied against Italy, coupled with the desire to prevent the outbreak of a world war, would surely have weighted the scales of justice against Abyssinia, would in fact have made the Hoare-Laval proposals (condemned unequivocally by public opinion in Britain and elsewhere and, therefore, finally given up) a reality at a very early stage in the course of events.

Again, not only does the proposed voting procedure give the Great Powers a veto over everything; it also means that any friend of any one of the five Powers may, through one of them, get an indirect veto. Expediency, not justice, will be the governing factor in the decisions arrived at, expediency as judged by the Great Power and by the greater among the Great Powers.

(ii) The 'realistic' argument that if the Big Five divide, the organization in any case fails, and, therefore, nothing is gained to the cause of peace by voting coercive action against a Great Power is too realistic to commend itself to public opinion which is, in the final analysis, the only bulwark of any international body. An organization which is so realistic as all that cannot evoke

ny idealism; it will lend colour to the suspicion that the powerful States repudiate the principles which they invite the smaller States to accept. Indeed the voting procedure implies that when a Great Power is a party to a dispute, at the vital stage (and indirectly at earlier stages) the Great Powers escape from the system of security. 'This organization,' rightly complained Lord Winster in the House of Lords debate on 11 October 'will be one for keeping small boys in order by prefects who themselves are exempt from the rules that they will administer.'

Besides, the arrangement tacitly assumes continuing unity of purpose among the Great Powers as the foundation of the organization, for it breaks when the unity of purpose among the Great Powers is no longer there. Surely, this is too insecure a foundation for such a great experiment in history as Dumbarton Oaks really is. The unity of purpose among Russia, Austria, Prussia and Britain, who formed the Concert of Europe at the close of the Napoleonic war, enabled the Concert to last only for seven years, for the conflicting interests of the partners soon became evident. So too now, ideological differences between the Soviet Government and the British do unfortunately exist; the economic interests of China, Britain and the U. S. A. are at present not identical; French opinion on the future of colonies is not shared by the U. S. A. Rather than base a great organization on such undependable factors, is it not wiser to insist boldly, as apparently the U. S. A. and Britain insisted at Dumbarton Oaks, that when one of the parties to a dispute is a Great Power, the vote of the Great Power which is a party to the dispute cannot be counted? If it be urged that one or more Great Powers are unwilling to agree to this arrangement, it is worth considering whether it is not wiser to postpone the formation of a security organization rather than start one which is so unsound in its very foundation.

#### THE COMPOSITION OF THE COUNCIL

The composition of the Security Council needs some modification if only to have it based on some intelligible principle. As it is, it is difficult to discover the principle on which the choice of permanent members of the Council is based. Judged by population, Britain and France have no claim but India should have a place; by economic potential, France has no claim, but India deserves to be included; by proved capacity to fight in the present war, China and France should have no place. Indeed the inclusion of France and China suggests the thought that expediency has dictated the choice: France would prove a helpful ally to Britain in checkmating a possible rise of Germany, China would be a source of strength to the U. S. A. against the menace of Japanese expansion. In area and population, India does not compare unfavourably with China; in the maintenance of law and order and in capacity to fight, India has a better record; in economic potential, whether judged by natural resources or developed industries and means of communication, India stands ahead of China. It is possible that India has not been allotted a permanent place on the ground that, not being independent, her vote would be a 'dependent' vote. Though India, as she is today, would not care for

a seat on the Council, the right of a free India to that place must not be prejudiced by the fact that she is not a foundation Great-Power. Obviously the list of permanent members of the Council should be periodically revised.

Not only does the Council need an intelligible basis for its composition, it needs also to be related to regional arrangements for defence which the Dumbarton Oaks Charter mentions and recognizes but does not integrally relate to the United Nations. This is no doubt due partly to the fact that the necessary regional organizations do not as yet exist. If, however, regional organizations are considered essential—and they are necessary in any adequate scheme of security—is it not better to provide a place for them in the central organization? Indeed such a provision is likely to act as an incentive to their early establishment. India occupying as she does an important strategic position in the Indian Ocean Region is naturally concerned with this development.

As a strategic base in relation to the Middle and Far East, she has already proved her great value. Some recognition of the regional idea is necessary. When we consider all relevant factors: proved ability to fight, economic potential, man-power and regional arrangements, the Security Council should have a member each from the Soviet Union, the U. S. A., and Britain who have demonstrated their ability to fight and a member each from Western Europe, the Mediterranean Region, the Middle East, the Indian Ocean Region, the Pacific Region and Latin America.

#### OTHER MODIFICATIONS NECESSARY

Finally, in the proposals on matters of detail three additional changes would be useful.

First, clause 1 in Chapter II—The organization is based on the principle of the *sovereign equality* of all peace-loving States—is wholly unnecessary and must be deleted. Sovereignty has no reality in the context of a really effective international organization which Dumbarton Oaks visualizes. The essence of such an organization is that States will in the last resort be compelled to fall in line with the decision arrived at by an international body in which each member-State will have some voice but not the sole authority to arrive at a decision. Nor is mention of equality essential. States have never been, nor are they likely to be, equal; besides, the organization contemplated in the proposals is not based on the principle of equality. Even with all the modifications proposed above, there can hardly be real equality.

Second, the insertion in the proposals of a clause corresponding to clause 19 of the League Covenant would be useful, viz., the Assembly may from time to time advise the reconsideration by Members of the League of treaties which have become inapplicable. The clause was not much used but it deserves to be.

Third, the organization is to be called the United Nations. As a provisional name, it may serve the purpose, particularly because it implies that those who fight for victory will also work together for peace; but the name adopted finally should not recall any associations connected with the present war, as it might give the defeated nations the impression that the new organization is purely vindictive.

# TARIFFS AND TRADE RESTRICTIONS IN THE POST-WAR PERIOD

*By H. L. DEY*

## THE IMMEDIATE POST-WAR PERIOD (FOUR YEARS)

It is necessary that we should, first of all, try to form a rough picture of what the structure of world trade is likely to be in the post-war period. It will be convenient for this purpose to divide the post-war period into two; first, the immediate post-war period of, say, four years, and second, the period of transition from the fifth to the fifteenth year.

In the first period, the most urgent problems which will confront the world will be: (1) Rehabilitation of the devastated regions of Europe and South-eastern Asia, and (2) The restocking of all countries in respect of consumption goods. And there is likely to be a very heavy demand for the following classes of goods:

- (a) Industrial and transportation equipment, e.g., boilers, locomotives, machinery and machine tools, electrical power-generating machinery, motor engines, iron, steel and coal;
- (b) Agricultural equipment including machinery and implements and live-stock;
- (c) Consumption goods of mass demand, e.g., cotton and woollen goods, metallic ware of household utility, drugs and medicines, glass-ware, paper and stationery, electrical goods, furniture etc; and
- (d) Food-stuffs, fodder-stuffs and raw materials.

Considering the large-scale destruction and dislocation caused by the war in the dominantly industrial regions of Western and Central Europe, it is certain that there will be a relative scarcity of most types of goods under class (a); the supply will have to come primarily from the U. S. A. and to a not inconsiderable extent from the U. K., and Canada, whereas there will be, on the other hand, a most intensive and urgent demand from the whole of Europe and the greater part of South-eastern Asia. The scarcity will be felt during the whole of this period. The supply of commodities under class (b) except live-stock and most commodities under classes (c) and (d) can be just increased within the period to suffice for the minimum demand for them. The great deficiency in respect of live-stock in Europe and South-east Asia must be largely supplied from North and South America, Australia and New Zealand.

The important point to note is that, during this immediate post-war period of four years or so, there will be a relative scarcity or shortage in the supply of all the four classes of goods in relation to the demand which is likely to be urgent and exceptionally extensive. Consequently, there should be no real occasion for commercial rivalry among the few nations which alone will be in a position to offer their surplus output to the greater part of Europe

and South-east Asia. The main difficulty of this period will be, not commercial rivalry, but the financing of the huge purchases by the devastated and thoroughly impoverished regions. Medium-term loans for five to ten years on a vast scale will have to be arranged mainly from the U. S. A., perhaps through the guarantee of the proposed International Bank for Reconstruction and Development. The most fruitful procedure, in the case of the most urgently needed equipment materials for industry and agriculture, would seem to be to pool together the surplus resources of the U. S. A., the U. K. and Canada and then ration them among the purchasing countries according to some agreed list of priorities.

Since there will be little room for commercial rivalry in this period, the problem of commercial policy should be a rather simple one. The peculiar structure of world demand and supply would seem to require that all hampering trade restrictions of an offensive or defensive character, which were adopted in the 1930's or in the war period, should be abolished. There may, however, be a danger that a complete and rational system of international co-operation in this matter may not emerge. It is also possible that the few surplus-goods countries may, instead of supplying the needs of devastated territories, enter into each other's markets or in markets not destroyed or dislocated by the war and engage in ruthless competition there. This possibility should be adequately guarded against by those countries which have yet to consolidate the industrial expansion which they have achieved during the war period by the adoption of moderate protective tariffs, to be supplemented, in case of need, by adequate anti-dumping duties and direct State-aid in the form of bounties or guaranteed purchase of stores. But such protection should be of a non-discriminating character, and there should be no preferential or differential tariffs.

#### THE SECOND POST-WAR PERIOD (5TH TO 15TH YEAR) : STRUCTURE OF WORLD TRADE

The real problem of commercial policy will, however, arise in the second post-war period, when the devastated areas will have recovered the minimum of order and working equipment to start their normal economic life again. This is likely to be a period when many nations of Europe and India, China, Australia and New Zealand will be engaged in an intensive development of industry and agriculture under State encouragement and/or State initiative and control. It is highly probable that these countries will attempt (a) to resume the pre-war tendency to increase the output of consumption goods of mass demand, e.g., textiles, metallic ware of domestic utility, glass-ware, sugar, drugs and medicines, paper and stationery, etc., (b) to build up both lighter and heavier engineering industries, expand the production of power, specially electrical power, and extend and improve the means of transport and communication, and (c) to intensify agricultural production.

The general structure of world trade is likely to be as follows. The dominant industrial countries, i.e., those which have completed their industrial evolution, such as the U. S. A., the U. K., Germany, France, Belgium and Japan

suming that Germany and Japan will be permitted to join the comity of civilized nations under proper safeguards), will be largely specializing in the production of capital goods for the industrial and agricultural equipment of the growing countries. They might also specialize in the production of complex and expensive consumption goods of luxury and semi-luxury type. Their exports will largely consist of machine tools, power-generating equipment, boilers and locomotives, auto-engines and aero-engines, steamships, textile machinery, sugar machinery, agricultural machinery, and chemical machinery; and also of high class textiles, leather goods, rubber goods, paper and stationery, tinned foods, glass-ware, drugs and medicines, watches, etc. Their imports will consist largely of food-stuffs and crude raw materials from the younger countries or from colonies and mandated territories and of semi-manufactured capital goods or components and high class consumption goods from advanced countries of their own group.

#### INTERNATIONAL CONTROL AND REGULATION

In order to ensure a balanced and harmonious development of the economic resources of the world, it will be necessary to lay down certain guiding principles for building up a rational structure of world trade. In the first place, there should be an active recognition of the principle of equality and autonomy for all nations, irrespective of their stage of development or extent of political power. All ideas and policies of domination or exploitation of the weaker or more backward nations by the stronger powers, which have led to imperialism, produced wide-spread resentment and irritation and jealousy, inflicted needless sufferings and deprivations and caused diplomatic and armed conflicts in the past, must be discarded and banned. Secondly, every nation or political unit must be given full freedom to develop its economic resources with the primary objective of raising the living standards of its people, subject to the overriding condition that its activities must in no way conflict with the broader requirements of an international order. For this purpose, it will be necessary that every unit or nation should have the right to adopt constructive and developmental tariff protection and to borrow its capital and buy its requirements in the best market. It may perhaps also be a wholesome procedure in this matter to lay down that the initial levels of such constructive and developmental tariffs should be decided by the nations concerned after international consultation and that any subsequent increases within moderate limits should be subject to the approval of an International Council. Thirdly, all unfair trade practices like dumping, export subsidies, tipping rebates, and all discriminating trade practices through import tariffs and quotas and payment agreements and multiple currency arrangement or customs and quarantine regulations, should be discontinued.

The best way of promoting a balanced and peaceful growth of world economy will be for each backward region or nation to be allowed to develop freely from within, with such help and guidance as it may freely seek and obtain from other countries, and for each advanced and powerful nation to be required to conduct its external economic activities, e.g., foreign investments and ex-

ports and imports, under some international agreement and control. In other words, peaceful economic development of world economy in the future will require the decontrolling of backward territories from the grip of powerful imperialist nations and the controlling of the stronger nations, according to a code of international commerce to be supervised and administered by an International Council of Commercial Development, which will supplement the functions of, and work in close co-operation with, the proposed International Monetary Fund and International Bank for Reconstruction and Development. In the constitution of the Council, there should also be a clause to the effect that, in conducting its operations, it should pay its sole attention 'to considerations of economy and efficiency and not to political or other non-economic influences or considerations.' (*Vide Clause (b) of Section 7 of Article 111 of the Draft Constitution of the International Bank for Reconstruction and Development.*)

In considering the future trends of international trade and tariff practices, it should be borne in mind that the intensification of trade barriers in the period 1929-39 was due mainly to (a) the maldistribution of gold and scarcity of short-term credits, (b) a considerable diminution of international investments on account of political and financial instability over large areas of Europe, and (c) a wide-spread movement towards aggressive economic imperialism. The institution of the International Monetary Fund and International Bank for Reconstruction and Development will dissipate the causes under (a) and (b). The adoption of appropriate security measures under international auspices should remove the danger from (c). Besides, the regulation and control of international trade and investment, as is proposed here, should further minimize the chances of the rise of abnormal trade barriers of an aggressive or a defensive character.

The principles of regulation and control set forth above should be the subject of an international agreement on the same lines as the International Monetary Fund.

#### INDIA'S POST-WAR TARIFFS AND TRADE POLICY

To give some concreteness to the general ideas indicated above, we may consider in broad outline the appropriate trade and tariff policy of India in the post-war period. As we have explained, the first period of four or five years will be a period of scarcity in respect of all classes of capital goods and most classes of consumption goods including agricultural products. Consequently, in this period, India's main task will be to enter into medium-term contracts for four or five years with the U. S. A., the U. K., and perhaps also Canada for the bulk purchase of essential capital goods and such consumption goods as cannot be produced within the country for the purpose of replenishing the trading stocks which have fallen to extremely low levels during the war; and with these and other countries for the bulk sale of surplus crude products like raw cotton, jute, oilseeds, hides and skins, and tea and coffee. It seems probable, specially if the international regulations in respect of short-term balances, investments and commercial code are instituted, that there

will be no necessity for raising the existing protective duties on cotton goods, sugar, iron and steel; matches and paper. There will, however, be a necessity for extending the range or scope of her protective system so as to include glass-ware, light chemicals, light machine tools, aluminium, starch and such other important industries as have been started and developed during the war.

In the second post-war period, she should, consistently with the requirements of national economic planning and in accordance with the principles of international regulation discussed above, adopt a policy of minimum tariffs and trade barriers. In the first place, it should be possible for her to effect a gradual reduction of the existing protective duties, while at the same time extending moderate protection to newer consumption goods and light capital goods industries as have sprung up during the war. And in the second place, in order not to increase unduly the initial cost of executing the grand plan of building up heavy capital goods industries like aeroplanes, automobiles, machine tools, chemicals, ship-building, electrical apparatus and tools, she should also adopt a system of moderate protective duties to be supplemented, where necessary, by other forms of State-aid such as priority in respect of external credits, and skilled personnel, tax exemptions, freight concessions, bounties and guaranteed purchases by Government.

It is still premature to say how far, in executing national economic plan or plans, the Government will replace private enterprise by State enterprise. The problem of defining the respective spheres of public and private enterprise will be an extremely complicated one, and there is likely to be strong and wide cleavage of opinion among the different sections of the public. Nevertheless, it would appear to be reasonable and safe for us to proceed on the assumption that State enterprise will play a really predominant part in the development of what have been called the basic industries. If that be so, then, State enterprise in this major sector of economic plan will make it easier for our basic industries to receive preferential treatment in respect of various forms of State aid and thus to dispense with the necessity of high import duties. It is to the long-range interest of India that she should shape her trade and tariff policy in such a manner as to assist the establishment of an international economic order, for this will create expanding outlets for her agricultural products and some of her consumption goods like cotton manufactures and sugar, by the sale of which alone she must obtain the major part of external balances necessary for financing the heavy imports of capital goods. Moreover, the existence of a reasonably stable international economic order will, by itself, go a long way in protecting her growing industries from the dangers of aggressive competition on the part of strong, and in some cases, cartellized foreign industries. Besides, under the system of State enterprise as suggested here, it will be possible for the Government to purchase our requirements of capital goods in bulk under medium-term contracts with foreign countries and then distribute them between the public sector and private sector of industry and agriculture according to a pre-determined scale of priorities. Again, our imports of capital goods under bulk purchase contracts might be financed by the bulk sale of our exports like cotton, jute, oilseeds, tea and coffee to those

countries which offer the best markets for them and which might in some cases be other than those from which we shall be buying our imports. This will facilitate multilateral trade. It is also probable that the proposed arrangement regarding the bulk purchase of capital goods will make it easier for us to have our sterling balances liquidated in the most practicable and harmonious manner.

As the establishment of a rational and stable international order will serve the best interests of India as well as those of all other countries, her tariff and trade policy should be free from the taint of discrimination of any kind. This should not, however, preclude her from entering into specific contracts with individual countries for the bulk purchase or bulk sale of goods through State agencies or through private individuals. She should also actively support the enforcement of the code of international commerce which has been suggested above.

It only remains to be added that the administration of tariffs and other methods of State-aid to industry should be entrusted to a Tariff Board, which should form an integral part of the State Planning Commission.

## INDIA'S STERLING ASSETS

By B. R. SHENOY

### THE PROBLEM

THE aggregate of India's sterling assets may be grouped under three heads: (1) the assets held by the Reserve Bank of India mainly in its Issue Department and partly in its Banking Department, (2) the investments and balances of the commercial banks, and (3) Indian investments in Great Britain owned and held on private account, i.e., by companies, firms or individuals. Of these three categories the third, the amount of which is probably negligible, and the second, the figures of which are not available, may be left alone. The former does not constitute any problem and some of the questions arising in connexion with the latter would be covered when we examine the problem of the sterling assets of the Reserve Bank with which we shall be primarily concerned here.

Statistics of the sterling assets held in the Issue Department of the Bank since the commencement of the war are as under:

TABLE I

*Sterling Assets in the Issue Department of the Reserve Bank and Currency Issue:  
Average of Friday Figures in Crores of Rupees*

Year	Sterling Securities			Notes issued
1938-39	..	..	..	189.10
1939-40	..	..	..	238.55
1940-41	..	..	..	257.66
1941-42	..	..	..	410.06

1942-43	..	..	..	319.11	643.58
1943-44	..	..	..	643.52	882.49
April 44	..	..	..	788.58	896.80
June 44	..	..	..	821.33	926.00
Sept. 44	..	..	..	831.93	937.08
Oct. 44	..	..	..	851.83	956.44

It will be noted that from about Rs. 66.95 crores, the weekly average for the year immediately preceding the commencement of the war, the volume of the assets in the possession of the Reserve Bank soon began to move up, with considerable rapidity from 1940-41 onwards. On occasions they poured in at the rate of over a crore per day.

We shall examine the problem of these assets under three heads. First, how did the Reserve Bank come to accumulate them and how was it that they mounted up at so rapid a pace? Second, what have been their effects on the Indian economy? Third, what are the prospects which they hold out for the future?

#### HOW THE STERLING ASSETS CAME TO BE ACCUMULATED

The first question, which is quite simple, is easily answered. With the progress of the war the expenditure in India of the Imperial Government increased at a phenomenal pace. To begin with, this expenditure could be and was met out of the Home Charges, the moneys annually owed by the Government of India to the United Kingdom. But when the amount of the Indian expenditure began to exceed the amount of the Home Charges the former could no longer be wholly met by merely debiting it to the latter. No doubt the magnitude of the Home Charges did steadily move up, but the Indian expenditure of the Imperial Government grew at a terrific pace. In 1940-41, the second year of the war, the one outstripped the other and, as may be seen from the table below, the Home Charges very soon proved to be but a flea-bite when compared with the scale of the requirements of the Imperial Government.

TABLE II

#### *Expenditure of the British Government in India and Home Charges (Crores of Rupees)*

Year	A	B	A-B
	British expenditure in India	Home Charges	
1939-40	..	..	-23
1940-41	..	..	+23
1941-42	..	..	+153
1942-43	..	..	+277

The British Treasury was thus faced with the problem of finding rupees to meet its Indian bills, except for the small fraction which could be set against the moneys available to its credit in India.

The problem, however, was not a serious one. The sterling exchange standard had, long ago, provided for its solution. The Reserve Bank, even as

was its predecessor, the Finance Department of the Government, is obliged by law to issue rupees in India in exchange for sterling deposited to its credit at the Bank of England at the rate of 18 3/16d. per rupee. It has no option or discretion in the matter, and among the sterling documents which it can accept in this manner British Government securities, short as well as long dated, naturally occupy the highest rank.

This rendered the solution of the Imperial Government's problem an exceedingly simple matter. All that it had to do was to get the sterling securities printed with the required values marked across their face and lodge them with the Bank of England to the credit of the Reserve Bank. On receipt of advice that this had been done, the latter would release to the nominee of the Bank of England equivalent currency in India and the time taken for doing so need not exceed that involved in cabling the advice. It did not matter at all what the amount needed in India was nor the pace at which it was needed. So long as the printing presses in London and Nasik, the one to produce securities and the other to produce notes, remained in working condition, the Imperial Government need be in no difficulties whatever to meet its Indian bills.

The following table yields conclusive evidence that this device has been, in fact, freely employed by the British Government to cover its Indian expenditure:—

TABLE III

*Expansion of Currency and increase in the Assets of the Issue Department of the Reserve Bank of India (Crores of rupees)*

Year	Gold Coin and Bullion	Sterling Securi- ties	Rupee Securi- ties	Rupee coin	Total Notes in cir- culation	Balance of Trade	Home Charges	British expenditure in India
	1	2	3	4	5	6	7	8
1939-40	44.42	78.32	37.42	67.59	227.75	+78.02	27	4
1940-41	-do-	129.97	48.57	35.87	258.77	+68.38	30	53
1941-42	-do-	165.00	75.19	35.28	319.89	+77.84	33	185
1942-43	-do-	319.11	139.38	22.33	525.24	+84.25	49	326
1943-44	-do-	643.52	85.45	14.28	787.67	+91.32	..	394

It will be noted that in 1940-41, the first year in which abnormal currency increase became evident, currency issue, partly coins and partly notes, expanded by Rs. 62.80 crores when compared with the currency issue of the preceding year. Against this increase the Issue Department of the bank received Rs. 51.65 crores in sterling securities and the balance, Rs. 11.15 crores, in rupee securities.

The receipts of sterling securities, with which alone we are here concerned, theoretically speaking, may either represent the proceeds of surplus exports or they may be *ad hoc* British Government securities. A glance at column 6 of the table, however, will show that no part of the increase in the

sterling assets can be assigned to the former head. The balance of trade, it will be noted, declined instead of rising during the year 1940-41 relatively to that of 1939-40. On balance of trade account, therefore, the accruals of sterling to the Reserve Bank, if anything, must be less, not more, than that of the preceding year. It certainly cannot account for the increase in the sterling assets which took place during 1940-41. It would seem to be clear, therefore, that the entire amount of the increase in the sterling securities was specially created by the British Government for financing their Indian expenditure.

During the following two years this process was repeated, the sterling securities received in 1941-42 being of the value of Rs. 35.03 crores and those received in 1942-43 being worth Rs. 154.11 crores. If during these years the volume of the balance of trade also increased, by Rs. 9.46 crores in the one year and by Rs. 6.91 crores in the other, this must be set against the increased sterling obligations of the Indian economy arising out of the phenomenally high war-time dividends and profits on British capital in India. It is safe to presume, therefore, that the largest part, if not the entire amount, of the sterling securities presented to the bank during these years were *ad hoc* securities created for the purpose of acquiring equivalent rupee finance.

The year 1943-44 presents a new feature of Imperial war finance in India in its bearing upon the sterling acquisitions of the Reserve Bank. As in the preceding years, during this year also, inflationary currency was issued for the benefit of the British Treasury to the extent of Rs. 270.48 crores against equivalent sterling securities. But the amount of the sterling acquired by the Reserve Bank was larger than this amount by Rs. 53.93 crores. And, from column 3 of the table above, we see that the bank's holdings of rupee securities declined by an identical amount. Apparently the bank had exchanged rupee securities in its possession for British Government sterling securities to the extent of Rs. 53.93 crores. In other words the Reserve Bank assisted Imperial war finance during the year not only by playing the passive rôle, as hitherto, of accepting the sterling securities offered to it, which, under the law, it was obliged to take, but, in addition, by actively acquiring sterling against its rupee securities through the device of releasing the latter in the Indian market.

#### THE EFFECTS ON THE INDIAN ECONOMY

The effects on the Indian economy of the accumulations of sterling with the Reserve Bank have been perfectly disastrous. They have certainly not enriched the country. Shoals of water-marked paper with certain values inscribed on their face cannot enrich any country. They may be said to represent, in fact, a measure of the forced loan imposed upon the country. For it was through their agency that encroachments were made on the Indian economy, interfering with the course of its production as well as distribution, with a view to furthering solely the Imperial war effort. And, seeing that this has cost us a great deal of distress, and has brought us wide-spread famine and death, it was a forced loan which we could, clearly, ill afford to make and

which, left to ourselves, we would, certainly, never have agreed to make.

One of their visible consequences has been a phenomenal rise in the level of prices of everything, as may be seen from the table below:—

TABLE IV

*Index Numbers of Wholesale Prices (August 1939=100) and of Cost of Living (July 1933-June 1943=100)*

Year	Agricultural commodities	Raw materials	Primary commodities	Manufactured articles	General Index	Working cost of living
1939-40	..	127.2	118.8	123.8	125.4	108
1940-41	..	108.6	121.4	113.4	114.8	114
1941-42	..	123.6	146.2	132.0	136.4	128
1942-43	..	165.3	165.5	165.4	170.2	174
1943-44	..	270.6	184.9	233.3	237.2	237

While the rise indicated by these figures, which are based on controlled prices, is bad enough, it is common knowledge that in actual fact, when notice is taken of the prices ruling in the market, which, all too often, bear no relationship whatever to the official prices, the picture emerging is vastly worse. In particular the cost of living has multiplied several times.

There has consequently resulted a wholly unhealthy disturbance in the peace-time pattern of the distribution of income. The rise in wages and the dearness allowances paid being far from commensurate with the rise in prices, there has taken place a transference of income and wealth from wage-earners, salaried men and others, whose money incomes are contractually fixed, to traders, industrialists and the business folk, whose money incomes are principally residual. The accumulation of *ad hoc* sterling securities with the Reserve Bank has thus had the effect of making the poor poorer and more wretched than ever, of making the rich richer and of bringing into existence a large body of 'new rich.' In other words it has materially accentuated the pre-war maldistribution of wealth and the national dividend of the country.

In addition they have effectively prevented the betterment of the economic position of the country as a whole *vis-a-vis* Great Britain. There exist in India vast amounts of British capital, the returns on which go to enrich, not the Indian but, the British economy. Assisted by a sympathetic administration and also certain other factors, this capital is generally applied in the most profitable trades and yield to the credit of the Britishers some of the highest dividends to be had anywhere in the world. The sterling assets with the Reserve Bank, however, bring under 1 per cent if short-dated and a maximum of 3½ per cent if long-dated. It would, therefore, have been clearly to our advantage if the Imperial Indian expenditure was met through transferring British capital in India to Indian hands on the analogy of how, before the coming of Lend-Lease, British expenditure in America had been met. This would have reduced considerably our debtor position and would have laid a

secure foundation for a rise in our standard of living after the war. Actually, however, the policy of sterling accumulation has placed us in the absurd position of getting from our debtors but a small fraction of what we have to pay to the same party as our creditors for an equal amount.

The sterling securities in the possession of the Reserve Bank, or, which is the same thing, the volume of the currency issued against them, would also have repercussions of a serious character upon the stability of the economy after the war. As I have explained elsewhere<sup>1</sup>, if the war-time economic controls were to be suddenly removed after the restoration of peace, the inflationary funds in their possession would, in all probability, induce entrepreneurs generally to embark upon schemes of expansion on a scale which, in the aggregate, would prove to be much beyond the capacity of the economy. The country would be condemned to an inflationary boom which would be followed by the inevitable reaction of a depression. If, on the other hand, with a view to preventing the boom and the depression, the war-time controls on the economy were to be continued for a planned period of reconstruction, the presence of the inflationary funds with the entrepreneurs would prove a source of continual strain to the controls.

#### THE FUTURE OF THE STERLING ASSETS

The future value of the sterling assets, which, as we have seen, was acquired at such great cost and sacrifice, is linked up with the value of sterling. If sterling should depreciate these securities would depreciate also, and the future claim of the Indian economy upon the British would be correspondingly less. There is no guarantee on the part of the British Government, such as that offered by them to some sovereign States holding sterling, to protect the value of these assets against such depreciation<sup>2</sup>.

Also they are to-day 'blocked' in the sense that they cannot be employed for making purchases outside Great Britain or the sterling area. And there is not any certainty that they would be so available after the war. On the contrary, the experience of the Indian delegates at the Bretton Woods Conference and the British anxiety to increase the volume of their exports in the post-war period produce serious misgivings on the subject. If our fear should come true,—and there would seem to exist every prospect of its becoming so,—importers and industrialists in India would either buy British goods and British machinery or nothing at all.

The potentialities of such a situation are pretty serious. It may mean the introduction at one stroke of Imperial preference, which it would be in the power of Great Britain to make as drastic as it may wish by withholding or restricting the release of foreign exchange. No consultation with, or agreement of, India would be necessary. It would place the British exporters and industrialists in the position of monopolist suppliers to India. If we should be dissatisfied in respect of price or quality, we could have no remedy such as that which a system of rival sources of supply may give us. The Britisher would be in the well fortified position of being able to say, 'take it or leave it.' The power to cut us off from foreign supplies may also be employed to dictate to

us what industries we may develop and what industries we shall not. It could be used, too, to cripple, to the degree necessary, the competitive capacity of the existing Indian industries in the domestic as well as foreign markets. Great Britain would thus be in complete charge of the steering wheel of Indian economic advancement.

And all this would be but poor compensation for the suffering we have gone through and the sacrifices which we have had to make in acquiring the sterling securities.

#### SUMMARY

To summarize: The phenomenon of sterling accumulations with the Reserve Bank arose out of, and was directly related to, the needs of the war-time expenditure in India of the Imperial Government. The British Treasury acquired the requisite amount of rupees by passing on to the Reserve Bank *ad hoc* sterling securities. The currency issued against them being of an inflationary character, the Indian economy fell a victim to all the evil effects of inflation. The price-levels rose, the existing order of distribution got distorted to the detriment of the poor, causing distress and famine, and there came to be imbedded into the economy powerful forces of post-war economic instability.

Nor is the future of the sterling assets any brighter. There is no protection against their loss by depreciation and there seems to exist every possibility of their continuing to remain 'blocked' during the post-war period. This may shut us off from non-British supplies and would place the pace as well as the character of Indian economic advancement entirely at the mercy of Great Britain.

<sup>1</sup> *The Post-War Depression and the way out* 1944 [Allahabad: Kitabistan]

<sup>2</sup> A report in *The Economist* of 20 May 1944 (page 688), for instance, observes that the value of sterling held on official Argentine account is duly guaranteed by the British Government by a special gold clause.

## INTERNATIONAL CONTROL OF FOREIGN INVESTMENT IN EASTERN ASIA

By B. N. GANGULI

THE rôle of foreign capital in the economic development of eastern Asia has unfortunately been a controversy which has generated mixed feelings and conflicting ideas. Some have regarded foreign investment in this region as a purely financial proposition which must be judged by the test of prospective yield determined by the probable productivity and security of investment in Asia as compared to other countries including the creditor countries themselves. Sometimes foreign investment in eastern Asia has been treated as if it were an elementary moral duty to the poverty-stricken half of the world which is pent up in 15 per cent of its total area and suffers from the effects of chro-

nic maladjustment of population to economic resources. From this point of view investment of foreign capital to raise the level of economic life in the Far East is justified as a kind of perpetual Lend-Lease which should be, more or less, part of the general reconstruction and rehabilitation programme of the United nations. And this feeling of generosity has been sharpened by the realization of the fact that the vast population in many parts of this region, who have little reserve in the best of times, have undoubtedly borne a disproportionate share of the real cost of war. On the other hand, the newly awakened political consciousness and economic ambition of the prospective borrowers have been demanding an assurance that foreign equity capital should not encroach upon the borrowers' independence or fail to contribute to the training of responsible local leadership commensurate with the expansion of economic life. It is not unlikely that, given the freedom to order their political and economic life, many of these countries will insist on State ownership of public utilities, basic raw materials and heavy key industries. Moreover, economic opinion in most of these countries has been coloured by political prejudice, suspicion and fear. The refusal of the Chinese to accept the loan of £ 50 million in 1942 because of the conditions, which the British Government felt bound to attach to it, is a significant pointer, and the Chinese decision to make a bid for attracting foreign capital by offering their own terms which have not been warmly received by foreign investors also illustrates the non-economic aspect of foreign investment in eastern Asia.

All these considerations, and none of them singly, throw light on the manner in which foreign lending should be resumed in Asia after the war. If the possibility of foreign investment in Asia is judged merely from the point of view of the business motive or the speculative motive there would appear to be forces deterrent to foreign investment in this region. A war is destructive of capital, no doubt, but the expanded industrial potential, particularly in heavy industry, which is built up in war-time is a source of supply of a tremendous amount of capital goods which seek an outlet in foreign investment. Hence it may be supposed, that the burst of foreign investment which came after the Napoleonic wars and continued for about a century, and again after the last Great War, will reappear after the present war. But it may be doubted whether history will repeat itself. The investment opportunities may not be as attractive as they were in the past in the undeveloped countries of the world, treatment of foreign investors may not be the same and the faith in the reality of an international economy, which inspired confidence in the past and which has been rudely shaken in recent times, may not return. The investor will naturally look for a good return and, in judging its prospects, will make sure of the government agency in the lending or in the borrowing country, or the international organization which should underwrite the loan or the enterprise which is financed by it. In any case the outflow of capital to any appreciable extent will not be possible unless the long-term rate of interest in creditor countries is substantially lowered. Moreover, the flow of capital investment into Asia can be resumed on traditional lines only when the currencies of the various countries, which have been disorganized

by inflation, have been revalued in such a way that their internal prices have been brought into line with external prices. But since drastic devaluation will naturally be rejected by these countries, private investment cannot be expected to be resumed after the war. Hence foreign investment can only take the form of some kind of Lend-Lease.

The prospect of foreign investment in eastern Asia should not be judged merely from the humanitarian point of view. The humanitarian motive may be an important consideration when it is a question of relief and rehabilitation. But mere altruism is neither a safe nor a reliable guide when it is a question of laying the foundation of economic development in undeveloped areas, although a foreign loan which is only a dole may have an immediate political utility and may yield ultimate economic return to the lending country. Capital development in undeveloped countries requires such a change of social values as would discourage improvident expenditure and create the incentive to industrial investment. This may not be possible when foreign capital is too readily available. Doles of capital may also encourage unsound and uneconomical enterprise. The test of market yield, according to which the rationale of capital movement is the higher marginal efficiency of capital in undeveloped countries than in the lending countries, may not be the only test, but the commercial test cannot be entirely ignored.

The problem of foreign investment is complicated by political considerations which may influence the economic decisions of both borrowers and lenders. In the case of controlled economies the loan transactions do not depend merely upon the expected rate of return to the lender which imparted regularity to international capital movements before the last Great War. When lenders use loans as instruments of political policy, regularity of foreign investment will depend upon changes of government and shifts in foreign policy. Similarly borrowers who look upon foreign loans as a necessary evil may be too ready to repudiate their commitments even when they may have the capacity to pay, or to subject foreign capital to discriminatory or penal treatment on non-economic grounds. Hence it is clearly necessary that both suspicion and fear with which oriental countries look upon foreign capitalistic enterprise should be removed either through international control of foreign lending, or at least by providing that foreign loans should be negotiated and 'placed' on the basis of an agreement between the governments of lending and borrowing countries, which should be subject to the supervision of an international authority. On the other hand, the sense of insecurity of the foreign investor should be removed not only through mere underwriting of capital issues, but also by means of safeguards against confiscatory policies and discriminatory taxation imposed particularly upon foreign capital.

In the narrow context to which we have confined ourselves so far, the necessity of international control of foreign investment seems to be fairly evident. But the business or the speculative motive, the humanitarian motive and the political motive do not touch the fundamentals of the problem of foreign investment in eastern Asia. The attitude of both the creditor and the debtor countries should be broad-based on a wider view of the nature and

necessity of foreign investment in this part of the world. It is a happy sign that nations are willing to base their domestic economic policies on an expansionist view of world trade and trading opportunities. The core of the problem of foreign investment in the post-war world is touched as soon as creditor and debtor nations take also an expansionist view of foreign investment particularly in the undeveloped areas of the Far East. Eastern Asia constitutes a region in which one-half of the population of the world is crowded over only 15% of its total area. Since large-scale migration and redistribution of population is too expensive and will encounter political obstacles, the chronic maladjustment of increasing population to economic resources—the key problem of this region—can only be removed by means of intensive economic development in general and industrial development in particular. Otherwise a swarming population confined to a very limited living space and subsisting on a bare margin of subsistence within the frame-work of a low-level peasant economy is a menace to the peace of the world. As things are, primary production in this region has been largely determined by foreign demand and hence the national income fluctuates with fluctuations of the distant export market. Since many of the countries in this region specialize in a narrow range of commodities, their economic position has been more vulnerable. And the position of many of them has become still more precarious, because the commodities exported by them have been such that their prices are liable to wide fluctuations. Apart from chronic economic insecurity, it has become plain that the economic prospect before countries specializing in primary production is one of unrelieved gloom. The elasticity of demand for such agricultural products as wheat, cotton, sugar and coffee is low with respect to income. The current development of synthetics and new sources of supply is bound to set limits to the economic recovery of the primary countries. Industrial countries with access to coal, air and water need no longer depend upon overseas countries for oil, textile fibres or rubber. According to the National Planning Association of America production of synthetic rubber, for example, has increased in the U. S. A. from 2250 tons to 900,000 tons between 1939 and 1943. Mr. H. D. Henderson says that the 'exploiting agencies' which have kept tropical countries on a precarious level of economic life 'have been the tendencies working through the blind forces of supply and demand to reduce the prices of tropical products to unremunerative levels',<sup>1</sup> the beneficiaries of this exploitation being the consumers of industrial countries. The countries of eastern Asia have been demanding industrialization if only to fight this kind of economic exploitation. They have realized that they can share the increase in the world's productivity, including the increase of productivity in primary production, only when they can effect a transfer of resources from agriculture, pastoral pursuits and mining to manufacturing industries. If specialization in international trade has to be maintained, such transfer would require continuous migration of Asiatic labour on a vast scale to regions offering occupations of higher productivity. Since such migration is clearly impossible, because it is too expensive and is bound to be resisted on political and racial grounds a fair balance in the distribution of resources among agriculture, mining,

forestry and manufacturing industry in the various regions of east Asia is to be preferred to narrow regional specialization. Evidently these ideas, although not always clearly and rationally expressed, have been shaping economic policy in Far Eastern countries even including the colonies. Leaving aside China and India which have decided on industrialization and have made up some leeway, even the colonial areas have witnessed the beginnings of industrial development. According to William W. Lockwood of the Institute of Pacific Relations, 'one major category of industries, long established, is the processing of export staples: tin smelting, oil refining, rubber processing, rice mills, sugar centrifugals, timber mills, etc. In addition, scattered throughout the Far East are a great variety of industries for the production of miscellaneous consumer goods—textiles and clothing, flour, cigarettes, paper, dyes, matches, pottery, beverages, furniture, canned goods, rubber shoes, electric gadgets, cosmetics and a hundred other articles. Factory development in such lines, specially clothing and food, is usually an outgrowth of traditional handicrafts carried on in the shops and in the home; it is small-scale in organization; it relies largely on domestic materials, domestic capital and domestic markets.'<sup>2</sup> This kind of development was taking place before the war even in French Indo-China and Netherlands Indies the economies of which have always been complementary to the economies of the mother countries. During the war this process of economic change may have been interrupted in countries which have been overrun by Japan. Since Japan cannot possibly absorb the exports of these countries which formerly went to Europe and America, these countries may have been drifting to a self-sufficient economy. After the war their economies will have to be planned on the basis of their long-term needs and economic potentialities if tolerable existence is to be assured to the teeming millions. The rôle of foreign investment in eastern Asia can be seen in a clear perspective in the light of facts stated above. Foreign investment is badly needed in this part of the globe to diversify, develop and stabilize the economies of the various countries. But at the same time foreign investment will create a vast market for the high-grade manufactured products and for the technique, skill, enterprise and guidance which the lending countries can spare. The tremendous productive capacity in heavy industry which is geared to war in the U. S. A. can only be geared to multilateral trade after the war. But so long as the standard of living in the East remains low a structure of expansionist trade cannot be constructed. Thus the theory that has been taking shape in America is that a creditor nation must lend abroad continuously until productivity in other countries including undeveloped nations has increased up to the point at which the demand for the lenders' goods is reduced in intensity and the creditor country can have a balanced current-account position. As Mr. Harry Hopkins, Personal Adviser to President Roosevelt, recently said in the course of an article published in an American magazine, even when the U. S. A. lowers her trade barriers and purchases more of the goods supplied by debtor countries, the latter could not pay the former currently for the equipment and materials the debtor countries would need for their rehabilitation. Therefore, Mr. Hopkins said: 'We shall have to make further loans abroad in order that

other countries may have the capacity to buy our goods and equipment.' But naturally Mr. Hopkins insists upon the condition that every dollar lent should be used exclusively to pay for food grown, or equipment manufactured in the United States. If during the war large benefits of full employment have been realized in spite of tremendous economic waste, in the interests of full employment in the U. S. A. foreign loans may be granted on a liberal scale to impecunious nations even if some of them do not conform to the conventional standards of the capital market. Here we find an expansionist view of foreign investment which undeveloped countries of eastern Asia will welcome as the product of far-sighted statesmanship and economic prudence. Narrow-minded popular opinion in the U. S. A. may, however, scent a danger in the economic development of the countries of eastern Asia. Will they not become gradually self-sufficient, autarkic and exclusive? But such a fear is groundless. In the greater part of this region economic development for a fairly long time to come will be confined to the development of small-scale industries, processing industries and light industries. Even when secondary industries producing higher grades of consumers' goods come into the picture, since there would be parallel development of economies at present situated at somewhat the same stage of economic evolution, competition and tariff rivalry may characterize their mutual trade relations,<sup>3</sup> but not their trade relations with the advanced industrial countries like the U. S. A. which will find an expanding market for capital goods and the higher grade consumers' goods. Moreover, the restoration of an agricultural and raw material economy in this region on a higher level of productive efficiency and suited to a wide external market may play a vital part in raising productivity in the U. S. A. and the rest of the world.

Foreign investment which has a developmental character and an expansionist basis requires international planning and regulation. It cannot be left to the chaos and hazards of private investment. The story of the last economic depression would have been very different had there been an international authority to control investment through which the U. S. A. could have lent abroad freely and continuously and exerted an expansionary influence upon the economic life of the world which was being strangled by deflationary contraction. Private lending was tried and found wanting at that time, and is bound to fail this time too. A smoothly functioning long-term capital market and a competitive situation cannot come into existence immediately after the war. It is doubtful whether prospective return on capital in Far Eastern countries will compensate for the risks incidental to disorganization of currency and finance which may continue in many countries after the war. The spirit of pioneering will not be so strong as to induce large-scale investment in these countries. Apart from the economic waste involved in pioneering which has little justification in a period of acute demand for capital, the problem of economic development in most of these countries is one of re-development of economic life on a different basis, requiring large capital to be really effective and planned and directed by governments which may directly negotiate foreign loans. But the distribution of foreign investment, its volume and timing, application of the

test of yield as well as non-economic tests, limiting payments to a nation's ultimate capacity to pay, and co-ordination of foreign investment with monetary and fiscal policy are questions which can be decided neither by private borrowers and lenders, nor even by governments bargaining with one another, but by an international authority which should be an expert body having its own technique of looking at applications for foreign loans in an objective manner. It is quite clear that the suggestions of Mr. J. E. Meade,<sup>4</sup> viz., that the main duties of an international body would be (1) 'to ensure that no Member States imposed restrictions on foreign lending with the exception of restrictions on speculative movements of short-term funds,' and (2) 'to make sure that undeveloped territories were open as fields of investment on equal terms for all the Member States' are too utopian to be of any practical value. Mere freedom of private lending cannot carry the nations very far.

(To be continued)

<sup>1</sup> H. D. Henderson: *Colonies & Raw Materials*.

<sup>2</sup> *The American Economic Review*. Supplement Part 2. March, 1943.

<sup>3</sup> The Indian tariffs on Javanese sugar and Japanese textiles are instances in point.

<sup>4</sup> J. E. Meade: *The Economic Basis of Durable Peace*, p. 112.

## THE FUTURE OF BURMA

By DAW MYA SEIN

*Continued from Vol I, No. I, p. 71*

### JAPANESE DOMINATION

AT the time of the outbreak of the Pacific War, the main platform of all the political parties in Burma was the advancement of Burmese nationalism. All were agreed that the Burmese people should have control over their own affairs, and since the issue of separation was settled, there was no perceivable difference in point of policy. But there was a group of people who felt that the promised goal of dominion status would always be just round the corner but never reached. When the Japanese declared war on Britain and invaded Burma, they saw an opportunity to throw off the British yoke. Japan had won the admiration of the Burmese, in common with other Asiatic people, by her rapid industrial progress and rise to power. Her defeat of Russia made the Asiatics feel that, given the opportunity, they were as good as anyone; it resulted in a wave of nationalist feeling in these countries which were dominated by the Western Powers. Japan was looked upon not as a leader of Asia but as an Asiatic country whose achievements should be emulated. Japan made use of such feelings to further her own interests in South-East Asia. In Burma, the Japanese sympathized with the Burmese desire for freedom and tried to make the politically-minded people believe that the only aim of Japan was to liberate Eastern peoples from the bondage of western imperialism. A few were taken in by their promises and when the Japanese occupied the country, they collaborated with the invaders and formed a Burmese Administrative Committee under the Japanese Military Administration.

A year later, on 1 August, 1943, Burma declared herself to be an independent and sovereign State. The Japanese Military Administration was dissolved and Japan and her allies gave recognition to Burma. As a price for her independence, Burma had to sign a Treaty of Alliance with Japan and declare war on Britain and the United States of America. From the news that comes out of occupied Burma, it is evident that the declaration of independence has not lessened the domination of the Japanese Army over affairs in Burma. It is merely a change of form. Instead of the Japanese Commander-in-Chief governing Burma in his own name, he now uses the name of a Burmese dictator, chosen, appointed and kept in power by himself. This dictator, or Head of State as he is called, appoints the Ministers and members of the Privy Council which is merely an advisory body. All public servants pledge loyalty to the Head of State. In the districts, although the old form has been kept, the real master is the Japanese commander. Under him is the party leader who determines the policy which the district commissioner has to follow.

In name Burma is a sovereign State bound by a Treaty of Alliance with Japan and a member of the Greater East Asia Co-prosperity Sphere. In practice Burma cannot hope to be in a better position than Manchukuo whose independence Japan recognized nearly 14 years ago and which still remains a vassal State of Japan. Many Burmese people must realize this but most probably they think that things will be different once the war is over. Meanwhile they are making the best of the existing circumstances. But to the peasants in the districts, the Japanese form of independence may seem genuine. They see a Burmese Head of State, his Burmese Ministers and Privy Councillors; the Burmese national flag is waving and they sing a Burmese national anthem; they hear of Burmese ambassadors and of Burmese missions going abroad. They also see Japanese soldiers who take what they want, who insult them and annoy them in many ways but they have been told that the Japanese army is there to protect their hard earned freedom; they realize that they haven't an army, navy or air force yet. Conditions of life in war-torn Burma are very difficult. People are dying of disease, their power of resistance to disease is low and no medicines are available. People haven't enough to eat nor have they clothes to wear. Men are forced to join the Labour Corps while women and children work on the fields and struggle to keep alive. But all these sufferings are bringing the people together and making them feel that freedom is even more precious; and they wait for real freedom which pro-Japanese propagandists have promised after the war.

#### THE FUTURE

Now I return to the question of Burma's future. Allied forces have taken Shwebo, the hometown of the founder of the last dynasty, and are approaching Mandalay, the capital of the last Burmese king and centre of Burmese national sentiment.\* The liberation of Burma is a matter of time. What is to happen to Burma? Will Burmese guerillas with Japanese weapons carry on the fight

\*This article was completed before the capture of Mandalay. Ed.

as they did at the time of annexation while others submit sullenly? or will the Burmese be ready to co-operate in the re-building of their devastated country? Much depends on what steps Britain takes to enable Burma to take quickly her due place as a self-governing member of the British Commonwealth of Nations. Food and clothing may satisfy a ragged and starving Burma for a while but they cannot quell the indomitable desire for full self-government. The last king of Burma was taken away from Mandalay barely 58 years ago; some of those who saw the heart-breaking scene have kept it alive for the generations that followed. The day is recognized as a day of national mourning. People who carried on the Burmese resistance, and were called dacoits by the British, are looked upon as national heroes; those who in recent years defied the British Government and were killed or died in jail or were tried and sentenced are regarded as leaders of Burmese nationalism. The mis-rule of the last Burmese king has been forgotten. People only remember the 'golden age' of Pagan when Burma was the centre of Buddhist culture and learning and the victories of Bayinnaung, Alaungpaya and Bodawpaya. Modern thought and literature has taught young Burma to love freedom; they have taken their place by the side of those who hanker after the good old days and together they will struggle to obtain full control of their own country.

But the question is, can Burma exist as a really independent State in modern times? This war has proved that the mountain barriers, that protected her during the centuries, can no longer stop modern armies from crossing her boundaries. Her long coastline is difficult to guard against amphibious landings. Aeroplanes from distant bases can play havoc with her towns and villages. With a population of about 17 million, Burma cannot hope to have an army, navy and air force large enough to stop aggression; neither is she in a position to set up heavy industries for the making of armaments. Burma would have to depend on an international organization to guarantee her sovereignty and integrity. It may be said that the world is already planning for peace and that somehow aggression will be put an end to. We do not yet know what international organization will be evolved after the war but we do know that throughout history, every now and again, States have come together to form bigger units for the maintenance of peace and freedom; yet wars have broken out and small nations have been attacked by more powerful ones. If Burma should join a bigger unit, would it be better for her to federate with other countries of South-East Asia? or should she ally herself with India? or will it be to her advantage to remain in the British Commonwealth of Nations?

Under the Japanese, Burma is a member of the Greater East-Asia Co-prosperity Sphere. She has been in closer contact with her Eastern neighbours than before. A railway now joins Burma and Siam which already has railway connexion with Malaya. After the Japanese have been ejected from these areas, it may be possible and advisable to have a South-East Asia Federation. Burma, Siam, Indo-China and Malaya have much in common but the question is whether these States wish to have federal ties. Besides a federation to be successful must be one of free and sovereign States. A federation with inter-

national control would only mean the substitution of several masters for the one which was in power before the war. It would seem too much like the Co-prosperity Sphere imposed by the Japanese and it is doubtful whether any of the countries concerned, especially an independent State like Siam, would care for such a change. Burma has been under the British for sometime; during these years she has made some progress towards self-government. She may not be satisfied with the speed of the progress and with the way the country has been developed; but still it is not likely that she would like to be a member of a federation which would for some years be under the guidance of so many Powers.

Because of her ties with India, it may appear to be much more logical for Burma to consider a Hindustan-Pakistan federation. Economically Burma and India work very well together; the problem of defence could be better solved; both are members of the British Empire and have had similar administrations and political training. How will the Burmese react to such a suggestion? At the time of the separation issue, there was without doubt a consensus of opinion in favour of separation. The only disagreement between the Burmese parties was as to when the separation should be effected. The separationists, who had first brought up the question in 1919, considered separation to be the first step towards self-government. They argued that Burma's connexion with India was an 'historical accident' and resented being under the tutelage of India. In an Indian Federation, the Burmese would not be able to pull a sufficient weight. Besides, they felt that Burma had fewer problems than India and that, on her own, she would achieve the goal of self-government quicker. The anti-separationists, on the other hand, wanted to stay on with India because they thought that, as part of India, Burma would automatically get self-government but their intention to leave India once their object was gained can be seen from the fact that they insisted on the right of secession. It cannot be denied that the Burmese want to manage their own affairs in their own way. Once the question of separation was settled, although the Burmese were not satisfied with the constitution that was granted, they set about working it and forgot about wanting to federate with India. The Burmese, however, do realize the need for the closest ties with India but it is not likely that there will be any response to a suggestion of a Burmese-Indian Federation.

Now we come to Burma's place in the British Commonwealth of Nations. In 1931, when the question of Burma's separation from India came up for discussion, the Secretary of State for India stated that 'the prospects of constitutional advance held out to Burma as part of British India will not be prejudiced . . . the constitutional objective after separation will remain the progressive realization of responsible government of Burma as an integral part of the British Empire'. That assurance allayed the fears of some of the Burmese who felt that Burma was being separated from India because the British did not want to give Burma the same constitutional advance that they intended to give India. They had not forgotten that at the time of the Montagu-Chelmsford reforms, Burma was at first left out of the scheme and vague rumours of turning Burma into a Crown Colony had been afloat. It was then that the

Burmese really became politically conscious in the modern sense and a wave of nationalist sentiment spread throughout the country. The Secretary of State's promise was kept when Burma was separated from India in 1937 and given a new constitution, which was not inferior to that given to India. It gave power in all important matters except defence, foreign relations, monetary policy and the scheduled areas to Burmese Ministers who were responsible to a popular assembly. Burma progressed far along the road to self-government but not far enough to satisfy the political aspirations of the people.

In November 1941, U Saw, then Premier of Burma, went to England to secure a pledge from His Majesty's Government that, immediately after the war, an agreement should be arrived at for the setting up of Burma as a self-governing dominion. The Secretary of State did not give a more precise reply than 'this country is pledged to help Burma to attain dominion status as speedily and as fully as possible.' U Saw was disappointed, so were the Burmese people. Before he returned to Burma, the war broke out and Burma was invaded. The campaign was short and swift. It was nearing its end when Sir Stafford Cripps came to India. Nothing was said about Burma and the Burmese had no means of expressing their feelings; they were suffering from the horrors of modern warfare. How the Japanese intended to handle Burma once they occupied it, we do not know but they seem to have realized the strength of Burmese nationalist feeling and to have used it for their own purpose; and having given the Burmese a sham independence, they are fanning the flame of freedom in the hearts of the Burmese.

After a lapse of 10 years, a part of the Debate on the Address was allotted to the question of Burma. It was initiated by the chairman of a Committee of Conservative members of Parliament which had deliberated for over a year before issuing a report called the 'Blue-Print for Burma.' It is satisfying to know that the question of Burma's future is engaging the attention of British legislators and that it is already under active consideration by the Cabinet; but as Sir Reginald Dorman-Smith said to the East India Association in 1942, people are still 'wondering just what British intentions towards Burma are.' Do they mean to lead the Burmese to the goal of self-government or have they some reservation which will mean that self-government is always round the corner and never an accomplished fact? The Secretary of State did not think that the present circumstances are such as to allow a more precise statement than the one he had made before. From his speech, we learn that so long as Burma is the scene of active military operations or the base of active military operations, there will be a period of military control. The phase in which Civil Affairs officers carry out the first steps in relief, in restoration and in reconstruction under the direct authority of the military commander-in-chief, has already begun over a considerable part of Upper Burma; but, according to the Secretary of State, the period ahead is still wrapped in great uncertainty.

How the Burmese people will react to the Blue-Print for Burma and the debate on Burma can easily be surmised by those who are interested in Burma and the Burmese and are well versed in Burmese affairs. In refuting the libel against the Burmese that they sided with the invaders and maltreated and inter-

ferred with the refugees, the Secretary of State said: ‘There is no question on our part of hostility to the Burmese people or indiscriminate vengeance upon them. On the contrary, we shall go in the spirit of friendship, goodwill and helpfulness. We desire, indeed, to make good what the people of Burma suffered in part, at any rate, through lack of our own defensive foresight in this matter nor at any rate so far as our goodwill in this matter is concerned, have the Burmese forfeited or impaired in any way their claim to our assistance in moving towards the goal of self-government which we have so repeatedly declared.’ That being so, there seems to be no difficulty in the way of satisfying Burmese aspirations. The constitution of 1935 is admitted to have given the Burmese control over domestic affairs. The Burmese worked this constitution and would still be working it if the defence of Burma, which is not in the hands of the Burmese Ministers, had not broken down. Since leaving Burma, some Britishers have been criticizing ministerial government and talking of the bribery and corruption in Burma. Those of us who have been abroad or have studied events in other countries know very well that Burma was no worse than other bigger countries which have been handling their own affairs for a much longer time. Burma has been devastated by war. The Burmese would appreciate any help given for the rebuilding of their country. If the Burmese have not forfeited their claim to self-government, the fact that she has suffered so much should not impede her political progress. It was only defence, foreign relations, currency and coinage and the scheduled areas that did not come under the purview of the Ministers responsible to the legislature. Except for the scheduled areas, the other subjects are those in which, even if the Burmese Ministers had charge of them, Burma, as a unit of the British Commonwealth of Nations, would naturally come in line with the rest of the Commonwealth. A beginning is always a bold step and yet a beginning has to be made. If the British Empire is ultimately to become a real Commonwealth of Nations in which Asiatics and Europeans have equal rights and responsibilities, a beginning will have to be made in giving dominion status to an Asiatic country. If such is the intention, the future for Burma will be most satisfactory within the British Commonwealth of Nations.

## INDIANS OVERSEAS

### THE POSITION IN CEYLON

*By T. S. RAJA GOPALAN*

THE topic of the moment in Ceylon is the Soulbury Commission on Constitutional Reforms, which is now taking evidence in Ceylon. On the 26th May, 1943 the Governor of Ceylon communicated to the State Council a Declaration of His Majesty’s Government (popularly known as the 1943 Declaration) which stated that ‘the post-war re-examination of the reform of the Ceylon Constitution will be directed towards the grant to Ceylon of full responsible government under the Crown in all matters of internal civil administration.’

The Declaration further stated that His Majesty's Government would retain control of Defence and that Ceylon's relations with foreign countries and other parts of the British Commonwealth of Nations would be subject to the control and direction of His Majesty's Government. The present classes of bills to which the Governor could reserve assent are to be largely reduced and Ceylon is to be at liberty to conclude trade agreements, with the approval of His Majesty's Government, with other parts of the British Commonwealth. The Declaration stated that in the consideration of this problem His Majesty's Government 'fully appreciated and valued the contribution which Ceylon has made and is making to the war effort of the British Commonwealth and the United Nations and the co-operation which under the leadership of the Board of Ministers and the State Council has made this contribution effective.' Such proposals as may be made for the reform of the Constitution in pursuance of the Declaration were to be examined by a suitable commission or conference subject to the clear understanding that 'acceptance by His Majesty's Government of any proposals will depend, firstly, upon His Majesty's Government being satisfied that they are in full compliance with the preceding portions of his statement and, secondly, upon their subsequent approval by three-quarters of the members of the State Council excluding the Officers of State and the Speaker or other presiding Officer.'

It is unnecessary to apologize for reproducing the Declaration at some length. Of all the countries to which Indians have emigrated in search of an occupation, Ceylon has two distinguishing characteristics. It is the country nearest to India—particularly from the point of view of easy accessibility—and the largest number of Indians have emigrated to Ceylon. To these immigrants the question of the country's Constitution and their own place in the future scheme of things could hardly be described as less than of vital importance.

Though the 1943 Declaration contemplated a post-war examination of the Reforms question, the Ceylon Ministers prepared and submitted a complete scheme of constitution in pursuance of the Declaration and asked that it be examined without waiting till the end of the war. His Majesty's Government agreed and on the 5th July, 1944, they announced their intention to appoint a Commission which 'should provide full opportunity for consultation to take place with various interests including minority communities concerned with the subject of Constitutional Reform in Ceylon and with proposals which Ministers have formulated.' At this point a hitch arose; the Ministers considered that the terms of reference to the Commission were wide, that the 1943 Declaration contemplated investigation by a Commission of the question only whether their proposals fell within the terms of the said Declaration and in protest they withdrew their scheme. His Majesty's Government, while regretting the action of the Ministers, were unable to agree with the interpretation of the Ministers and considered that though the Ministers' scheme might not be officially before the Commission it could not be withheld from them and that it was bound to be very useful. The Soulbury Commission, consisting of Lord Soulbury (who as Mr. Herward Ramsbotham held Cabinet rank), Sir Frederick Rees (Principal of University College of South Wales and Monmouthshire)

and Mr. F. G. Burrows (President of the National Union of Railways) arrived in Ceylon about the end of December 1944 and are expected to finish their work in Ceylon by the end of March (1945). The Ministers are not collaborating with the Commission in its investigation but have otherwise welcomed them, met them at parties and shown them round various Government institutions and places of interest.

The attitude of the Indian community on the question of Constitutional Reforms is based on the past history of Indian immigration into the island and the treatment the community has received at the hands of the party in power during the last fifteen years under the Donoughmore Constitution. While it is generally admitted that the present indigenous population of the island are themselves people who at one time came over from India, labour immigration started somewhere about 1827. At the present time the total Indian population is variously estimated between 750,000 and 900,000. Accurate figures are available of the Indian labour population on the estates only. This population amounted to 672,196 on 31st December, 1943. The total population of Ceylon is estimated at sixty lakhs of whom (say) 8 lakhs are Indian Tamils, seven lakhs are Ceylon Tamils, 3½ lakhs Muslims, half a lakh Burghers and Europeans and the rest Low Country and Kandyan Sinhalese. The Sinhalese, the majority of whom are Buddhists, thus constitute about 2/3rds of the total population. The Indian population consists of 6 lakhs estate labour and of about a lakh urban labour; and the rest consist of business and professional people.

As was made clear on the floor of the Indian legislature at the time the Emigration Act of 1922 was under discussion, it has been the policy of the Government of India not to allow emigration of Indian labour to countries where they will not enjoy equality of political status with the rest of the population. In the case of Ceylon enquiries were made by the Government of India, and the Government of Ceylon replied to them stating that Indians enjoy such equality. And in fact till the advent of the Donoughmore Constitution in 1931, Indians in Ceylon enjoyed complete equality of status with the local population in Ceylon. And in the matter of franchise far from there being any discrimination against them, they enjoyed votes in communal electorates in addition to the franchise in territorial electorates. The Donoughmore special commission on Constitutional Reforms, who recommended adult suffrage and the Committee system of government, suggested that the privilege of voting should be confined to those who had an abiding interest in the country and that in the case of Indians therefore a residence qualification of five years should be imposed. They at the same time expressed deep concern for the welfare and need for representation of this poor and economically helpless class of the population who were the concern neither of the Planters (who are inclined to regard them from an industrial point of view) nor of the Ceylonese (who are inclined to regard them as alien). In the actual Order in Council, however, which brought the Donoughmore Constitution into existence domicile was made the standard test for franchise and for the undomiciled who did not possess a literacy and property qualification, it was provided that they should produce a certificate of

ermanent settlement involving a declaration of intention to settle permanently in Ceylon and loss of special privileges.

It is difficult in the brief compass of this discussion to go into the full implications of these provisions. It is sufficient to say that domicile as a qualification for franchise is not known in the rest of the British Empire, that the conditions relating to the certificate of permanent settlement were no less stringent than those required for establishing domicile, that the illiterate estate population could not be expected to go through the formalities required for obtaining the certificate (though 50% of them in 1930 and a much larger percentage now are really permanently settled in the island), that holders of certificates of permanent settlement were liable to be regarded as citizens of an inferior order and that actually the large majority of Indians registered as voters were really registered as domiciled in Ceylon and not as holders of certificates of permanent settlement. In 1943 the total number of Indian voters was estimated at 55,000 for a population of eight lakhs. Under adult franchise free from extraneous conditions the number of voters would be roughly half the Indian population, or nearly four lakhs.

The fifteen years under the Donoughmore Constitution have been a somewhat difficult time for the Indians. There have been two elections to the State Council and two ministries during the period. In the first elections—which were boycotted by the Ceylon Tamils—out of the seven Ministers five were Sinhalese, one was a Ceylon Muslim and one, an Indian. In the second, all the seven Ministers were Sinhalese until recently when, on Sir Baron Jayatilaka's going out to Delhi as Ceylon's Representative in India, a Ceylon Tamil was elected in his place. In addition to imposing extra qualifications for the Indian franchise it has been persistently agitated by Sinhalese politicians that Indians have, illegally and without sufficient enquiry, been admitted to the Electoral Registers under the domicile qualification. There is evidence to show that on account of administrative regulations issued there has been a progressive reduction in the number of Indian voters at each successive revision of the registers. So far, however, revision has consisted only in checking up the old registers and no fresh register has been compiled. There is reason to be apprehensive about the position if compilation of a new register should be undertaken, domicile being so illusory a qualification and so difficult to establish. The majority of Indians are in the Kandyan area and though Indians are accused of swamping the Kandyan electorates, on account of the way the constituencies are delimited, the number of Indians returned to a council of fifty elected members has been no more than two in each of the two elections.

Indians complain that during the last fifteen years several legislative and administrative measures have been undertaken which have discriminated against Indians as a community. The Land Development Ordinance No. 19 of 1935 which provides for the mapping out of Crown lands and their alienation to and colonization by Ceylonese peasants and middle classes defines a Ceylonese as 'person of either sex domiciled in the island and possessing a Ceylon domicile origin.' Similar definitions are found in the Fisheries Ordinance No. 24 of 1940 and in the Omnibus Licensing Ordinance of 1942. There is a certain

amount of fear that, in view of the declared intentions of the Ceylon Ministers to exclude Indians wherever possible, similar definitions would be adopted at every possible opportunity in the future. The Village Communities Ordinance of 1924 which provides for local self-government of villages excluded from its scope estate area till it was amended in 1938. Till the said amendment estate population including European superintendents and others had no vote in the elections to the village Committees. The amendment in 1938 brought the estates under the scope of the Ordinance, levied an acreage tax on them, extended the vote to the Europeans and limited the exclusion to Indian labourers and Kanganiyas. Indians and the Government of India protested with the result that at the intervention of the Secretary of State for the Colonies the discrimination on paper was removed by excluding from the franchise all resident estate labour. Thus some 50 or 60 thousand Sinhalese labourers were deprived of the vote as against some 650 thousand Indian labourers. What was more, as the Sinhalese labourers were bound to be residents of some villages as well, there was no real deprivation at all in their case. What was worse than the actual loss of vote for the Indian labourers was the motive behind. Sinhalese politicians were opposed to the grant of franchise on the ground that it would lead to the labourers claiming more and other rights. They have stated this reason though the exclusion was based on the ostensible ground that Indian labourers do not share in the common village life and have no interest in it. Such a reason does not hold good in the case of the large number of labourers who have no homes in India and the exclusion has the effect of segregating them and preventing their absorption as a part of the local population. Indians consider that the exclusion from the village vote is characteristic of the Sinhalese attitude which is aimed at reducing the Indian element in the country's population.

Administratively attempts have been made to tighten up procedure relating to the registration of Indian voters. In 1939 Indian daily paid workers in the Government service appointed after 1st April, 1934 (persons getting into service after an year's break being considered new appointees) were dismissed on the ground that Departmental Heads had failed to carry out the terms of a Private Member's motion adopted by the State Council in March 1934, that in future no non-Ceylonese should be appointed to Government service so long as a qualified Ceylonese was available. In making these dismissals, any person not born in Ceylon was treated as a non-Ceylonese and no attempt was made to ascertain if, when they were appointed, qualified Ceylonese were available. The dismissed persons were offered free travelling and a bonus to be paid in their homes in India if they left Ceylon. Persons with more than five years' service were induced to retire voluntarily on the ground that when retrenchment took place Indians with whatever period of service would be retrenched before the retrenchment of the Ceylonese was thought of. Though the original scheme of retirement of Indian workers was very elaborate and comprehensive and was undertaken without the Government of India being so much as consulted, several modifications were later made in view of the hardships to the workers involved and in the final result the number of workers who

were retired was 2517. It will be recalled that it was at this time Pandit Jawaharlal Nehru was sent to Ceylon by the Congress and that though his visit was received with enthusiasm in all quarters he was unable to persuade the authorities to give up the scheme. On account of the attitude of the authorities also, the Government of India prohibited from 1st August, 1939 the emigration of unskilled workers to Ceylon, a prohibition which continues to this day. The Ceylon Government took the action on the ground that there was a certain amount of local unemployment and they expected municipalities and even private employers to copy their example. A position of uneasiness was created so much so, the Governor took the occasion of his opening the Bank of Ceylon on the 2nd August, 1939 to place before the public what are now known popularly as a 'dozen facts.' He stated among other things that the action taken by Government was merely under its ordinary rights as an employer, that there was and could be no compulsory repatriation and that any bills relating to repatriation or restriction of immigration had to be reserved for signification of His Majesty's pleasure. In his report for 1939 the Agent of the Government of India has referred to the anti-Indian agitation at the time and has recorded that there were instances in Colombo of assaults on Indians, picketing of Indian shops, singing of provocative songs and so on. Among other administrative measures that affected Indians may be mentioned an attempt in 1937 to dispossess certain Indian lessees of vegetable gardens at a place called Kandapola. These lands had been acquired by the Crown and the Minister of Agriculture and Lands desired to dispossess the Indians and hand over the lands to Ceylonese. On vigorous representations made by the Agent of the Government of India, this matter was not pursued. A circular issued by the Chief Secretary on the 18th September, 1939 required that for administrative purposes 'Ceylonese born,' 'Ceylonese' and 'born in Ceylon' should be interpreted to mean a person born in Ceylon one of whose parents was a British subject born in Ceylon. Instances have occurred where Indians born and bred up in Ceylon have been considered ineligible to be treated on an equal basis with Ceylonese.

While on this subject it is interesting to record that in 1937 Sir Edward Jackson who had previously been Attorney-General of Ceylon was appointed on the recommendation of the Ceylon Ministers as sole Commissioner to enquire into

- (a) the extent of immigration from India of skilled and unskilled workers and whether it was increasing or decreasing
- (b) whether such immigration had caused or was likely to cause unemployment or other economic injury to the permanent population and
- (c) whether any restriction or control beyond that already existing should be imposed on such immigration and if so what form such restriction or control should take.

In the course of his Report (published as Sessional Paper III of 1938) he has stated that 'if Indian labour had not been available nothing resembling the manifold advantages which have accrued to the island from production first of coffee and later of tea and rubber could possibly have been gained.' In contrast, may be mentioned the view of the Hon'ble Mr. Bandaranaike, Minister for

Local Self-Government, who in the course of the Exploratory Conference at Delhi in November 1940 told the delegates of the Government of India: 'The labourers were brought over to crush the people of the country....I am refuting the idea that these labourers were originally brought over or came over particularly for our benefit, the idea that they have converted the wilderness of Ceylon into a paradise as a certain gentleman representing the Ceylon Indian Congress Delegation has stated here. That was not the case. They did not come with our will or desire. They were brought over not merely for economic reasons but for political reasons from the point of view of the British Government.' Answering the terms of reference Sir Edward found that the inflow and outflow of labour adjusted itself to the work available in Ceylon. 'So far from causing economic injury to the permanent population, immigrant workers made possible an economic and general advance which could not have taken place without them and in the benefits of which the great majority of the population directly or indirectly share to-day.' Thirdly he found that no restriction of immigration was necessary or called for. The report did not find favour with the Ceylon Ministers who stated during conversations at Delhi that they did not accept the report either on the facts or the conclusions.

Though Sir Edward found that there was no need to restrict immigration, the Government of India has prohibited emigration of unskilled labour since 1939 and there is no reason to suppose that anybody is anxious that there should be unrestricted immigration from India. The question really is in regard to the rights and status of the immigrants who have already entered the island. Some attempts hitherto unsuccessful have been made to solve this question. A delegation of the Government of Ceylon met a delegation of the Government of India in November 1940 at an Exploratory Conference. The verbatim proceedings of these meetings illustrate the view-point of the Ceylon Ministers. They proceeded on the basis that on account of the economic conditions in the island Ceylon cannot absorb anything but a very small part of the Indian population there; that the large majority of the Indians there do not have, on account of their visits to India and the connexions they maintain there, the right to be regarded as Ceylonese and that only the few who can prove that they have no connexions with India could claim equality of status with the Ceylonese. The Indian delegation on the other hand was prepared to consider any modifications in detail subject to the acceptance of the fundamental principle that full rights of citizenship over the whole political and economic field should be conceded to Indians resident in Ceylon on an agreed date on their furnishing proof of residence for a prescribed period and of permanent interest in the island. The justification for the position taken by the Government of India is (*i*) that it is warranted by the undertakings given to the immigrants and (*ii*) the utter futility of expecting illiterate labourers to establish matters of intention and of domicile. Any tests other than simple factual ones would be quite beyond their means and ability to satisfy. The Conference failed and, simultaneously with the publication of the reports of the Conference on 11th February, 1941, the Governor sent a message to the State Council containing a schedule of certain matters in respect of which undertakings had been given to the Government of India by which

he Government of Ceylon was bound. The Leader of the State Council and Home Member (Sir Baron Jayatilaka) stated that the situation created by the Governor's message was 'intolerable' and that immediate steps should be taken to deal with the Indian question. The Ministers sent a protest to the Governor that what he called undertakings were merely pieces of information, the State Council was adjourned and the Legal Secretary was asked to draw up bills for registration of non-Ceylonese and to regulate the entry of non-Ceylonese into the island. These bills are still before the State Council. At the instance of the Hon'ble Mr. Bandaranaike his Executive Committee passed a resolution to withhold approval to applications from local bodies to subscribe to war funds till a satisfactory settlement of the position created by His Excellency's message was reached. On a strong communication being made by the Governor his resolution was rescinded.

In 1941 a second Conference took place in Colombo between certain delegates nominated by the Government of India and a Ceylon Government delegation. This resulted in what is known as the Bajpai-Senanayake agreement which was renounced by Indians and was ultimately rejected by the Government of India. The Hon'ble Mr. Senanayake recommended it for adoption by Ceylon on the grounds that under its proposals the number of Indians on the Electoral List would be reduced to a negligible quantity and that very few Indians would be able to prove domicile in a court of law. It may be mentioned that one of the provisions of the agreement was that any person desiring to establish domicile of origin or of choice on which his status in the island depended should prove it in a court of law in accordance with the English Law of domicile. Though it is not difficult to imagine how this would operate with a large illiterate labour population, still the question is being asked (the Soulbury Commissioners have themselves asked it) why Indians would not agree to a settlement which a delegation of their countrymen agreed to. Dewan Bahadur I. X. Pereira, M.S.C., gave the Commissioners the only possible answer that even the Indo-Burma Agreement was assented to by a Government of India Delegation.

A brief word about the Indian merchants in Ceylon. For a very long time now Indian merchants have held a large part of the country's import and distributive trade in their hands and their prosperity in business has been looked upon locally, not perhaps without justification, with envy and with some amount of intolerance. In Ceylon, as elsewhere, conditions brought about by the war have caused Government interference in private trade. While on the one hand it is justified by the emergency, its result on the other hand has been to deprive the Indians of a large part of their trade. The apprehensions of Indian merchants that emergency measures would have the effect of eventually creating a permanent handicap for them have not been relieved by any statement of official policy.

In the light of the treatment they have received and due to their apprehension for the future, the Indian community have approached the Soulbury Commissioners and prayed that their status and rights should be defined. They have laid it down as a fundamental requirement that, in view specially of the fact that on account of the Government of India's ban on emigration most Indians

now in Ceylon have been resident in Ceylon for over five years, they should be enfranchised on equal terms with the rest of the population. Though Indians in Ceylon have as elsewhere their personal jealousies and multiplicity of organizations, they have all made representations on identical lines. They have joined the other minorities in Ceylon—the Ceylon Tamils, the Muslims, Burghers and Europeans—and have asked for a balanced legislature and a composite cabinet. These demands of the Indian community have been subjected to criticism in certain quarters in India as not being compatible with what Indians are demanding in their own country. But it is possibly not remembered that the Sinhalese politicians have openly declared it to be their aim to reduce the Indian population and have not resiled the least bit from such attitude. It remains to be seen how far the Soulbury Commission will appreciate the Indian position and, even if they do appreciate the position, how far traditional imperial policy would permit of justice being done to them.

## INDIA AND THE WORLD

*By C. KONDAPI*

### PARTICIPATION IN INTERNATIONAL CONFERENCES

#### THE PACIFIC RELATIONS CONFERENCE

*See pp. 113*

#### THE WORLD TRADE UNION CONFERENCE

THE World Trade Union Conference opened in London on 6th February, 1945 and lasted till 18th February. It was attended by nearly 240 delegates representing 36 labour organizations and more than 50 million organized workers. The agenda for the Conference ranged from the contribution of world labour to the war effort to its demands for peace settlement and from proposals for the constitution of an all-in-trade-union international to suggestions for labour's place in the post-war organization of the world. The participation of Russia, after her significant boycott of the I. L. O. and some other recent international Conferences, invested the Conference with dignity and importance. India was represented by two delegations—one representing the All-India Trade Union Congress (Mr. S. A. Dange, President of the A. I. T. U. C., Mr. Khedgikar, and Mr. S. Pramanik) and the other, the Indian Federation of Labour (Mr. A. K. Mukherji and Mr. A. K. Pillai).

The Conference witnessed two ideological alignments, the one led by Sir Walter Citrine, Secretary of the British Trade Union Congress and President of the International Federation of Trade Unions (I. F. T. U.) and the other by Mr. M. V. Kuznetsov, Chairman of the All-Union Committee of Trade Unions of Soviet Russia. The American Federation of Labour (A. F. L.) and the Indian Federation of Labour (I. F. L.) were generally with the former; and the American Congress of Industrial Organizations (C. I. O.) and the All-India Trade Union Congress, with the latter. Speaking for the A.F.L., which

efused to associate in any way with Soviet Trade Unions, Mr. Watt said that his organization would not remain a member of any body on which Russia was represented. Mr. A. K. Pillai significantly supported Mr. Watt. Again, when at first Sir Citrine condemned the recommendation of the Standing Orders Committee that Trade Unions in Finland, Bulgaria, Rumania and Italy (ex-enemy countries) might be invited to send representatives to the Conference, Mr. Pillai supported him declaring that the working class had been thoroughly demoralized and disorganized in the enemy countries. His position seemed inenviable when Sir Citrine himself proposed a compromise formula that the report of the Standing Orders Committee be adopted and that the Credentials Committee should examine their *bona fides* and decide whether their representatives should participate as delegates or observers.

India's participation, however, was rendered more unseemly when, during the opening session, Mr. A. K. Mukherji created a scene by objecting to the nomination of Mr. Dange to the Credentials Committee on the ground that the I. F. L. contested the *bona fides* of the A. I. T. U. C. and, therefore, an accused should not be one of the judges. Even Sir Citrine had pleaded for avoiding the controversy since, under the Standing Orders, the Credentials Committee, when it had been constituted, would decide who was or was not to be accepted. Still Mr. Mukherji persisted in his objection, but Mr. Dange saved the situation by gracefully withdrawing his name.

On the proposal of Mr. Sidney Hillman of the American C. I. O. to supersede the present I. F. T. U. and establish a new world labour organization, the same cleavage of opinion manifested itself. Mr. Dange and Mr. Khedgi-kar supported Mr. Hillman along with the Soviet, Australian and other delegations. It was ultimately decided to have a new World Federation with headquarters in Paris but to leave the details of its constitution to a Continuation Committee with representatives of nearly every country; this Committee of 45 was asked to convene a World Conference in September to adopt a constitution and set up a permanent organization.

The Conference passed other resolutions pleading that the war against Japan must be prosecuted with the same vigour as against Germany and that the trade union movement should be represented on a consultative basis at the coming San Francisco Conference and on the security, economic and social councils of the future world organization. The highlights of the report adopted on post-war reconstruction are: relief on an increasing scale to the liberated countries, the speedy introduction of a 40-hour working week without loss of pay and a comprehensive social insurance system in every country.

The Conference proved a little disappointing to India in two respects. When Mr. Dange moved an amendment on the 15th February calling upon the Colonial Powers to act up to the Conference policy of freedom of speech, press, assembly etc., Mr. Arthur Deakin of the British T. U. C. objected to the amendment on the ground that it called national policies into question and the Chairman ruled the proposed amendment out of order. Secondly, when Mr. Dange asked for the extension of the U. N. R. R. A. to cover areas not directly hit by the Nazi invasion but which have indirectly suffered as in the case of

Bengal, his proposal was rejected on the specious ground that such relief work did not come within the functions of the U. N. R. R. A. and would have to be considered separately.

In spite of the dust raised by the I. F. L. and the above minor disappointments India evinced keen interest in the Conference. Mr. Dange and Mr. Khedgi-kar were elected to two seats on the two committees appointed by the Conference to submit reports on the peace settlement and formation of a new World Trade Union Federation. As declared by Mr. Dange, the Indian problem received due consideration from the working classes of the world. Mr. Sidney Hillman, and Mr. Ht Liu, Secretary, Chinese Association of Labour among others issued statements advocating the freedom of India and release of her national leaders.

#### COMMONWEALTH RELATIONS CONFERENCE

The Commonwealth Relations Conference commenced on the 17th February and lasted upto 3rd March. It was variously described as the non-official opposite number of the Imperial Conference and as, 'having good address but unpadding practically nothing.' It was a 'purdah' Conference which met unofficially and arrived at some conclusions of a recommendatory character. The Indian Delegation consisted of Sir Mahomed Zafrullah Khan (Leader), Sir B. P. Singh Roy, Sir Kunwar Maharaj Singh, Sir Buta Singh, Mr. K. M. Panikkar, Mr. Mir Maqbool Mahomed, Mr. N. Sivaraj, Mr. C. N. Mehta, Mr. A. K. Pillai and Mr. Sarwar Hasan (Secretary).

The Conference discussed the various aspects of Commonwealth Relations including Imperial Defence, Imperial Preference, shipping, aviation, economic security, trade, industrial development and immigration. Sir Zafrullah set the ball rolling by striking a strident note during the opening session itself on the Indian political deadlock. In a spirited speech he pointedly asked : 'Statesmen of the Commonwealth, does it not strike you as an irony of the first magnitude that India should have two and a half million men in the field fighting and struggling to preserve the liberty of the nations of the Commonwealth and yet should be a supplicant for her own freedom?' In unmistakable terms, he told them that India's patience had been exhausted and that India would be in the Commonwealth if possible, and without it, if necessary and that India would be free whether the Dominions helped her or not. He exposed the oft-repeated slogan that the fulfilment of the Cripps declaration was dependent upon a common agreement among Indians themselves and impressed upon the Conference that Britain could not escape her responsibility in that manner. Finally, he made a proposal that a year's time limit should be fixed within which all the Parties in India might be called upon to agree to co-operate in the making of the future constitution. If even then they did not agree, Britain as the present wielder of power should frame and enforce a constitution with suitable safeguards for the minorities. Lord Hailey who led the British delegation complacently observed that it was a surprise that Sir Zafrullah should have brought to the Conference so bitter a sense of frustration and naively declared that Britain was only waiting for the day 'when India herself will

provide a consummation of the policy of self-government and the policy laid down in the declaration of 1942.' Sir Zafrullah's specific suggestion (that India should be given a year's notice of Dominion Status in which she should prepare herself to take up her own responsibilities) was hailed as a practical suggestion by responsible delegates from Canada, Australia and New Zealand. On the 19th February, the *News Chronicle* drew attention to the fact that India contained two-thirds of the inhabitants of the Commonwealth and was a great source of supply to the Eastern war. On 1st March Sir Frederick Whyte and Mr. Ralph A. Wilson wrote a letter to the *Times* stating that adequate attention should be paid by the British Ministers to this proposal to loosen the deadlock. The *Spectator* commended the proposal as 'a very interesting' one and good as 'a basis for discussion.'

On 28th February the Conference took up the question of movement within the Empire and the status of Indians in the various parts of the Empire—particularly Indians in South Africa. In an impassioned speech on 1st March, Sir Kunwar Maharaj Singh pleaded for equal status to Indian nationals. He declared: 'The only solution to the problems of Indians in South Africa is to restore to them full political and municipal rights which were taken away from them without any just cause and which have deprived them of their chief means of defence against repressive measures and humiliating restrictions.' The South African delegates agreed in principle to India's claim to equal citizenship rights in their country, and stated that there was much sympathy with the Indian claim now. Subsequent discussion centred on the relationship of Whites and non-Whites. When ultimately they pleaded for patience, the Indian delegation pointed out that the Capetown Agreement of 1927 had not been carried out and that the question should be tackled without delay.

Regarding India's economic development, the Indian delegation expressed the opinion that it was not proceeding fast enough to solve her problem of rapidly increasing population mostly in utter poverty and that Britain would have to handle the relaxation of war controls with considerable caution.

Sir Htoon Aung Gyaw of Burma and Prof. K. M. Bailey of Australia made two significant observations, the former deplored that the defence of Burma was, under the existing constitution, a British responsibility and the latter feeling that in future 'defence must keep Australia, like Canada, in close and direct military, and, therefore, political relationships with the United States of America.'

A press statement on the Conference issued on the 5th March declared that the members of the Conference 'should re-examine their own attitude on racial questions and the treatment of dependent peoples.' The statement added that the post-war collaboration of Canada, Australia and New Zealand with U. S. for security purposes seemed to be necessary. The regional security arrangements would be supplementary to Commonwealth relations and should be linked to the world system of security. Regarding India, it was recognized that she had a vital rôle to play in the Commonwealth strategy and communications and that her strategic importance would increase not only because of her domination of the Indian Ocean but as the point of contact between the

great Asiatic nations. As for the Indian delegation, the Report stated that it 'gave an impressive account of India's development during the war and the great influence which she could exert as a member of the Commonwealth within the world security system. But the Conference recognized the validity of the Indian Delegation's argument that India could adequately fulfil this rôle only when she acquired full Dominion Status.'

#### REACTIONS IN INDIA TO EVENTS ABROAD

The reactions in India to events abroad during the three months under review are characterized by the same ideological and moral approach as in the past. The events might be as various as the different phases of war, the Greek strife, Polish tangle, Yugoslavian deadlock, Arab Federation, International Conferences, the Yalta Declaration, Chinese wranglings or Indo-Chinese imbroglio, but the same vigorous anti-imperialist and democratic ideology coupled with a moral perspective has delimited the reactions. A deep distrust of British foreign policy and an almost cursed disgust with the Big Three attitude to the Asiatic countries constitute the leading note.

In spite of her political differences on the war issue, India has evinced keen interest in the Allied hammers striking hard on Axis anvils. The unfair British press allegation during the stage of Russian preparation for its mighty winter offensive that Russian inactivity was deliberate and was actuated by political motives met with a vigorous challenge. It was asserted that the British and Americans had counted their chickens before they were hatched, that Allied leaders had actually rested on their oars and that Rundstedt's offensive shook this grave complacency. In any case, it was reminded, that such an allegation was not justified on the lips of those who sat on the fence when Russia was clamouring for a Second Front in Europe. The Russian drive in East Prussia recalled to mind that here the great German victory of Tannenberg in 1914 was being reversed, for the advance now, as then, was along the Koenigsberg railway to Insterberg with Tilsit and Allenstein as the main objectives. With a bated breath, India followed the epic march of the Red armies under Marshal Zhukov traversing 300 miles from the Vistula to Kustrin on the Oder and on the road to Berlin and Marshal Koniev's 200 mile advance across the Upper Silesia. Note was taken of the similarity between the battle of Berlin and the battle of Moscow so furiously waged in 1941-42 when Moscow was saved by the heroic efforts on the flanks at Kalinin and Mozhaisk and the fateful fall of Berlin now depending on the collapse of its flanks. In the setting in of thaw was seen the wavering of hand for a while on the clock of German destiny.

Hitler's harping on the Bolshevik menace switched back the memories to 1918 when Allied fear of the spread of Russian revolutionary ideas was as much responsible for the early conclusion of the armistice as Ludendorf's report on the deteriorating military situation. The Allies were anxious then for cessation of hostilities and even overruled General Pershing's demand for German occupation. Now, however, Hitler's hope to divide his enemies, it was asserted, was dashed to the ground by the Crimea Conference. The lull in the Wes-

tern Front was broken by the Montgomery and Bradley offensives between the Maas and the Rhine and between the Roer and the Rhine. The smashing of Siegfried Line defences, the fall of Cologne and the crossing of 'Father Rhine' after a century brought back recollections of German defeat. In the reinforcement of Remagen bridgehead and advance of Gen. Patton's Third Army on the Moselle Front and entry into Frankfurt-on-Main the Allies were seen set on the road to Berlin. Rundstedt was forced to defensive warfare and incapacitated to counterattack. Rokossovsky's smash through Pomerania to the Baltic coast and Zhukov's armies poised for an attack in the centre opposite Frankfurt had removed a serious threat to the Soviet right flank. Marshal Koniev was clearing the road to Dresden and Berlin and there was nothing now to prevent the encirclement of Berlin though the capture of Stettin was more essential. Nazi strategy was to resist stubbornly on the two main fronts on the Oder and on the Rhine and then make a fighting retreat to the south. Possibly German destiny would be decided on the banks of the Oder.

Regarding the Burma theatre, the fall of Akyab was expected to open the sea lanes to Rangoon. The opening of the Ledo Road was hailed though caution was apparent in estimating the true value of the new supply route. For until the sea route is re-opened, American supplies to China will not equal those sent to Russia or Britain. The capture of Lashio by Chinese troops and entry into Mandalay were welcomed for the former would enable the Allies to further develop the Burma Road for carrying supplies into China and the latter would mean the winding up of the campaign in Upper Burma, sealing up the fate of the Japanese Fifteenth Army and reducing the capacity of the Japanese to hold South Burma.

The Philippines attracted the attention to the Pacific front. The invasion of Luzon by landing on the Lingayen Gulf was deemed to mark MacArthur's fulfilment of his cherished hope, for the Japanese invaded the Philippines in 1941 through the same Gulf. Americans have now cut the Japanese lines even as the Japanese had cut the American lines then. Particular notice was taken of the political implications of this campaign. 'The main interest of the battle of the Philippines is that they will be the first Eastern territory not only to be militarily liberated but be declared politically independent according to the U. S. declaration, more hopeful, more valid, and more fruitful than the Atlantic Charter' (*Hindustan Times*, 15 January, 1945).

## II

Indian reaction to the situation in Greece was one of indignation at the British attempt to entrench an antiquated order with the aid first of British bayonet and then with that of Gen. Plastiras who was thrice Dictator of Greece in his lifetime and anxious to become one for the fourth time if he could organize his own army to annihilate the Leftist forces. After referring to the abolition of the Greek Republic, fake plebiscite, Metaxist misrule etc., it was asked why the Liberal Venizelos, a sworn opponent of monarchy in Greece, had to quit the premiership to make room for Papandreou in April 1944 and why the latter hopped over to Rome to meet Churchill last year. The complaint against Bri-

tain was not that she backed a wrong political horse but that she should have backed a political horse at all. To go further and ask EAM delegates not to indulge in controversy but should negotiate terms behind barred doors was to ask them to sign peace at the point of the pistol. The British rule as *deus ex machina* was rendered more mysterious by the simplification of the whole Greek question into an 'yea' or 'nay' for the Churchill Cabinet. What shocked the Indian feeling more was the employment of Indian troops to put down the progressive forces, thereby condemning them virtually as mercenaries and compromising India's honour in the eyes of other nations. The impression was left that Churchill's Greek policy was part of Tory planning, for Greece commands the gateway to the East and that it constituted an acid test of British sincerity in regard to Europe.

On the Polish issue, the tendency was to support the Soviet view-point. Attention was drawn to the fact that in 1920, the Poles had with French help seized a large slice of Ukraine which was by no means Polish territory and then went to seize Vilna which the Versailles Treaty had assigned to Lithuania. Poland includes seven million White Russians and Ukrainians. In spite of Poland's promise to the Allies in 1923 to grant autonomy to the Ukraines, the latter were ruled by the Polish Police and officers. The justice of the Russian claim to portions of so-called Polish territory was admitted by the Allies when, after the last war and also recently, they suggested the Curzon Line as Russia's western boundary. In regard to earlier British support to the *émigré* government, pointed reference was made to the fact that it was not British solicitude to Polish Ukraine or Baltic States but the prospect of Russia becoming the biggest power in Asia and Europe which frightened Britain into supporting the *émigré* government against Russia which might endanger her vested interests in the Near and Middle East.

The Tito-Subasitch Agreement in Yugoslavia was welcomed as strengthening the Balkans and as a solitary success of Allied adjustment. The agreed scheme for a Federated State of Yugoslavia with six autonomous districts—Serbia, Croatia, Slovenia, Bosnia-Herzegovina, Montenegro and Macedonia—was hailed as an improvement on the Versailles, though it was apprehended that it would involve several revisionist claims. The demand of Yugoslav Macedonians for the absorption of Bulgarian Macedonia as well as Greek Macedonia might engender a perennial sore in the Balkans. Churchill's support to the Agreement was explained by reference to the fact that Yugoslavia was not Greece and Papandreou and Plastiras in Greece had no counterparts in Tito's Yugoslavia. Mihailovitch and his Chetniks could have played in Yugoslavia the rôle of Plastiras and the Sacred Battery but Tito outwitted Mihailovitch in both diplomacy and battle and planted his Red Star over Yugoslavia. Also, Churchill was sobered by the grimy Greek experience. Moreover, in Yugoslavia there were both British and Russian armies. He, therefore, feared that any high-handedness might set the fuse to a vast land-mine which might explode British interests in the Eastern Mediterranean. Hence he went to the other extreme of advising Subasitch even to defy King Peter's demand for resignation of his premiership. Some Tories were suspected to be

behind the pranks of Peter who consequently blew up his own throne. Peter had shown patience but he should show tact to avail himself of Churchill's soft corner for exiled kings. Regarding the alleged Soviet proposal for a Balkan Federation, it was felt that Yugoslavia was solving her nationalities question in the only way in which it could be solved and that any stable federation could be built only on the proper recognition of the common sacrifices of the Resistance Front. Churchill, however, might not like it as Rumanian Oil and the Greek gateway on the Mediterranean route were both essential for the British imperial interests. Could he allow Stalin's interest on a long-term consideration?

### III

The Yalta decisions roused mixed feelings. For once it seemed that the drift and differences between the Big Three on Greece, Poland, Yugoslavia, Belgium and even Italy were eliminated. So far at least as Europe was concerned the principle of spheres of influence was scotched if not killed and to that extent the Yalta Conference had reversed the Tehran decisions. Britain had to give up her self-imposed mission in Greece for she could not have told Russia that Greece was necessary for her in the only context it could be so—war with Russia in the near or distant future. She also gave up her rôle of *soi disant* saviour in Italy, Belgium etc. Russia climbed down somewhat on the Polish issue. In regard to Polish unity, a happy bargain was struck in the fact that the contemplated reorganization of the Polish provisional government with the inclusion of democratic leaders from Poland itself and Poles abroad had left the door open to people like Micolajczyk. The Curzon Line was now to be restored and Russia displayed wisdom in agreeing to digressions in some regions of five to eight kilometers in favour of Poland. Poland was to be compensated for what she would make over to Russia by acquisition of Silesia and possibly a portion of Prussia bordering on the Baltic from which Germany would be driven out. It was, however, feared that in promising substantial accessions of territory in the north and west, 'the Big Three were planting *irredenta* as they did in 1919;' and that a fundamental feature of the Atlantic Charter—that there should be no territorial changes without the freely expressed wish of the peoples concerned—was cast to the winds. 'Decisions of this kind, violating accepted principles, coupled with the Dumbarton Oaks Scheme for the future world organization, show that the plan of the new Concert of Powers may not be less fantastic than that of Metternich's after 1815.' (The *Hindu* 14, February 1945). Nevertheless, the broad justice of the Soviet policy was recognized and the description of the Yalta formula as a third division of Poland discountenanced. The Polish problem was no doubt not solved, but sufficient unto the day was the evil thereof.

Regarding the zonal division and occupation of Germany by the Big Three it was stated that a proud nation of 60 million could not be wiped out of the map of Europe. 'The attempt to isolate the leaders of the Nazi regime from the German people is very much like an appeal from Philip drunk to Philip sober

The resurrection of Dominion Status for India was dismissed as a new dose of conventional claptrap and in regard to the alleged 'new conception of the Commonwealth' Britain was asked to remember that 'peddling new lamps for old is not honest business and Dominion Status is no Aladin's lamp' (*Hindusthan Standard*, March 9).

## V

Marshal Chiang-kai-Shek's speech of March 1 turned attention to China and it left the impression that it was a 'deliberate attempt' to evade the issue involved in the wranglings between the Kuomintang and the communists. His two conditions to the communists before admitting the latter to a share in the government—that they must agree to incorporate their army in his National Army which was entirely under the control of Kuomintang and that they must also assent to merge themselves in the present Kuomintang government—were construed 'as part of his planned strategy to maintain the *status quo* and repel by all possible devices the Chinese people's democratic upsurge' (*A. B. Patrika*, 6 March).

The Japanese arrest of the French Governor-General following his refusal to help defend Indo-China against the Allies and assumption of its administration turned the spotlight on the strategic and military position in that theatre of war. The Japanese seizure of Camranh Bay helped them to move across to Thailand and Singapore. Indo-China is nearer to Gen. MacArthur's forces in the Philippines than China or Thailand. It was emphasized that the Allies must have a positive policy to secure the co-operation of the people of Indo-China in its liberation from the Japanese yoke. 'Will they treat Indo-China merely as they treat the Dutch East Indies or set up a Far Eastern Syria with an amorphous status occupying a place between Filipino freedom and colonial administration. The future is more important than the rights and wrongs of the dispute between the French and the Japanese.' (*Hindustan Times*, 13 March). The various Allied declarations of policy of Mr. Sumner Welles on 13 April, 1942, of the French Committee of National Liberation on 8 December, 1943 etc., were recalled and France was warned that the days of old colonialism were dead though the subject was kept off the agenda for the San Francisco Conference and that French imperialism would be a meddlesome and superfluous buffer between a free Thailand and free China and that Indo-China was far less necessary than Syria and the Lebanon to bolster up France. Japan, it was asserted, had ironically provided one more test for the Allies.

## REVIEWS AND NOTICES

## INTERNATIONAL AFFAIRS

BELGIUM. *Edited by John Eppstein.* 1944. (Cambridge: University Press, 3 s. net).

RUMANIA. *By C. Kormos.* 1944. (Cambridge: University Press, 3s. net).

THESE two books are the first of the British Survey Handbooks series prepared by the British Society for International Understanding. The enterprise and

he organization reflect the growing realization of the extent to which individual, amily, and national life is being conditioned by international forces. The handbooks are well-written, condensing much information in their hundred and odd ages, and each has a map.

The geographical position of Belgium has made this small country the meeting ground of races, cultures and religions—the cross-road of highways of commerce, and, unfortunately, of diplomacies and armies as well. The long Roman occupation is followed by the settlement of the Saxons. It becomes the centre of the Carolingian Empire. The first urban civilization of Western Europe is built up in this region in the Burgundian period. As part of the Spanish Empire, then of the Austrian Empire and, finally, of the Revolutionary and Napoleonic France, it is not only the battle-ground of Europe, but it also develops the consciousness of a distinct nationality during these periods. As a result, Belgium terminates the partnership with Holland imposed upon her after Waterloo and establishes her separate statehood in 1830-39. The nation as withstood two German conquests in the course of a quarter of a century in addition to the insidious propaganda of Pan-Germanism, aiming at creating a split between the Flemings and the Wallons. The soul of the nation has manifested its unity and its spirit of resistance through the king as well as through the various national organizations and institutions. Nor is the country free from other internal problems. With the rich coal mines, she is one of the most industrialized countries, though agriculture too is highly developed. Besides, she has a large empire in Africa.

In Rumania we get the picture of another of the small nations at the other end of Europe, situated similarly in the corridor of racial migrations. It is an island of Latinity, surrounded by the Slavs and the Hungarians, reminding us of another northern outpost of the Roman Empire. Centuries of chequered history are followed by the rule of the Turks for three centuries. Then Rumania merges as a pawn on the chess-board of European power-politics in the nineteenth century, side by side with the growth of a national consciousness and an independent existence. In 1916 the country entered the First World War on the side of the Allies, and as a result of the post-war settlements, she became a multi-national State with all the problems which it meant but which Rumania failed to solve. With the rise of the Nazis to power in Germany, the country was drawn into the orbit of their influence as a result of the proclivities of the Rumanian ruling class. This partnership has meant for her exploitation and subjugation. The country has been liberated by the Red Army since the book was published, but the internal struggle between the fascist and the progressive forces is still going on, on the political plane. The book discusses the future political and economic problems of the country and closes with an optimistic note. The people are poverty-stricken but the agricultural and mineral resources are ample. These are bound to be developed if the political forces are stabilized.

FRENCH FOREIGN POLICY. By David Thomson. 1944. Oxford Pamphlets on World Affairs 67.

THE BRITISH COLONIES. By Vincent Harlow. 1944. Oxford Pamphlets on World Affairs 68. (London and Bombay: Oxford University Press, 6d. each).'

DR. THOMSON's statement on French foreign policy is really no better than a post-graduate essay on the subject, describing the development of French foreign policy in recent times and explaining what the author describes as 'the moral and emotional foundations of Anglo-French understanding.' French foreign policy is in modern times a notable example of a foreign policy that failed and failed somewhat abruptly. For this failure the author gives no really valid reasons. His interest is confined to merely diplomatic facts, and no mere diplomatic analysis can possibly explain with any adequacy the true causes of national failures.

Professor Harlow's pamphlet on the British Colonies is undoubtedly more interesting. When the Rhodes Professor of Imperial History in London University writes on the British colonial empire, he has to be read with attention. The British colonial empire at the present moment has a population of 63 million and is a collection of more than fifty different dependencies scattered about the world. The author describes in a little detail how British authority came to be extended over this vast area. Official reluctance to intervene, tenacious merchant-administrators, wars with native military dictatorships which released the countryside from a regime of terror and bloodshed, competition with European rivals, and the growth of a new trade—these, says Professor Harlow, are the facts that recur again and again practically everywhere. From this he is inclined to argue that as there was no positive anxiety on the part of British Government to acquire colonial possessions, so there can be no talk of the 'exploitation' of British colonies. Indeed, he gives a brief record of the progress achieved by the colonies under British regime to establish that far from exploitation there is progress and prosperity of the colonies. All that clearly begs the question. For the truth of the matter is,—and Professor Harlow himself is not quite oblivious of it, as he shows in his argument towards the end of the pamphlet,—that the problem of colonial administration cannot be satisfactorily solved until it is tackled under an international auspices. There is ample evidence to show that no single nation, however benevolent its intentions, can be really trusted for long to look after the welfare of its subject people in isolation from the current criticism of the other nations of the world.

BOOL CHAND

FRANCE. By Dorothy M. Pickles. 1944. Oxford Pamphlets on World Affairs 69. (Oxford University Press, 6d.).

In this pamphlet Dorothy M. Pickles gives an instructive picture of the country, but in doing so, she presupposes on the part of the reader a fair knowledge of the various trends of thought and the influences from monarchist period and republican years, that left their impress on France. Where there is a

clash of interests between the family and the nation Frenchmen are inclined to be extremely individualistic. A dominating interest in land and love of the soil brings in its wake the psychological frame of mind which looks askance at rapid and complete industrialization and keeps intact the *petit bourgeois* mentality which is the most dangerous enemy of all radicalism. That is the reason, together with the still visible emotions left by the heritage of the past that passed through absolute monarchy, a military dictatorship and later an undefined type of republicanism, why Radicalism in France is always toned down to practical ineffectualism. When France became a full-blown Republic and was the pride of Europe, there was hardly any peaceful era. In little over half a century France faced three major wars wherein her sons bled and died on the battlefield, when her territories were ravaged and her soil was occupied by a foreign conqueror.

She touches on the fact that economic doctrines are in France an integral part of the political doctrines. Since the slump of 1930, the clash of interests between the consumer and the producer had severe political repercussions. Added to that, corruption in politics was so immense that politicians and political parties had been heavily subsidized by industrialists till they became mere tools in the hands of the big business of the country, to whom markets meant more than the safety of the French soil and thus began the slow decline of French influence in European politics and later weakened into a policy of appeasement. The influence of syndicalism, of belief in independent action of organized workers on the industrial and not on the political plane, is another reason why the French Governments were vacillating, spineless and ineffective. And when actually the war broke out, France was unprepared both materially and psychologically, and before she knew where she was, talks of her fall became loud and France went under without so much as a supreme struggle or a fight.

SNEHALATA ANANDA RAO

#### FOREIGN BOOKS ON INDIA

**VERDICT ON INDIA.** By Beverley Nichols. 1944. (London: Jonathan Cape, 12s. 6d.).

The author stayed in India for a little over a year, of which a considerable portion was spent unfortunately in a hospital. He believes nevertheless that his Indian experiences during the period, . . . of which the highlight seems to have been the sumptuous hospitality of the Viceregal House in New Delhi, . . . qualify him perfectly to pass a verdict on India, . . . not merely on its current affairs, but on Indian art, Indian music, Hindu religion and other aspects of Indian life as well. There is no abatement of his abounding self-confidence, for he believes that he is a 'trained reporter,' and there is always 'something very irritating to the trained reporter in the suggestion that it is necessary to live in a country for twenty years before one is qualified to express an opinion about it.' (p. 220). One would like to call the work brilliant as a piece of journalistic writing, . . . in its flashy and challenging style, its lack of all hesitation and reti-

cence, its 'dogmatic assertions and burly negations.' Not for a moment does the disconcerting doubt creep into his mind that his angles on Indian art, Indian music, Hindu religion, etc., which scholars of his own country have found it necessary to study deeper than the mere superficies, might possibly have been mistaken. His 'verdicts' show in fact a little superficial learning coupled with an intellectual inability to test in the light of deeper principles the first reactions of a mind formed in wholly different traditions. The author quotes in support of his views isolated passages from modern Indian writers, but it will not be presumptuous to suggest that he would have acted more wisely to study a standard work like Aurobindo Ghose's *A Defence of Indian Culture* than to go nosing about for chance gleanings in the cheap book-stalls of Bombay. The work strongly suggests lineal descent from Mayo's *Mother India*, which is often and appreciatively quoted, and an adequate examination of it would far exceed the limits of a book-review. But we may say generally that Mr. Beverley Nichols has done with surprising ease and despatch what a great statesman of his country, Edmund Burke, failed to do, viz., frame an indictment against a whole nation. For sheer one-sidedness and perversity, this 'verdict on India' would be difficult to beat, and the only person in India who has called it 'impartial' (as he is reported to have done in an exclusive interview to the *New Chronicle* of London sometime early in February last) is Mr. M. A. Jinnah. But then he is Mr. Beverley Nichols's 'giant,' 'most important man in Asia,' etc., and his Pakistan scheme is to Mr. Nichols's mind the only possible solution of the Indian problem.

S. Dutt

**INDIA.** By Hilda Wierum Boulter, 1944. (New York: Holiday House, \$ 1.00).

Beautifully illustrated book for young people of ten to fifteen years of age.

**SPEAKING OF INDIA.** By Miriam S. Farley. 1944. (New York: American Council Institute of Pacific Relations, 25c.)

**INDIA IN OUTLINE.** By Lady Hartog. 1944. (Cambridge: University Press, 6s. net.)

**GANDHI.** By Carl Heath. 1944. (London: Allen and Unwin, 2s. net).

**THE WISDOM OF INDIA.** Edited by Lin Yutang. 1944. (London: Michael Joseph, 6.3s. net).

#### ARTICLES ON INDIA IN FOREIGN PERIODICALS

##### Economic

**POST-WAR ECONOMIC RECONSTRUCTION IN INDIA; OFFICIAL PLANS.** By R. W. Brock, *Asiatic Review*, January, 1945.

Mr. R. W. Brock stresses the idea that in recent years India has moved forward politically more speedily than her economic system resulting in the superimposition of parliamentary democracy on an almost mediaeval economy. Hence a period of economic planning and development, pending further consti-

tutional advance, may not lack advantages. Moreover, unlike before, now the Government of India has large new financial resources at her disposal which will be helpful not only in promoting progress but co-ordination. There is also general agreement as to the measures. Referring to the financial aspect of the contemplated development projects and the doubts in India owing to the suggestion in Britain, 'that the present amount of debt, originating in a hasty and ill-devised agreement, constitutes an inequitable obligation which should be pared down by every possible device,' Mr. Brock says that 'there is no reason to assume that the latter suggestions reflect official policy.' He surveys the plans of the Imperial Agricultural Research Committee, the Railway Board, and the Postal and Telegraph Department and the conclusions of the Reconstruction Committee with copious references. Referring to the British policy of 'political reconciliation and industrial co-operation,' he admits that 'the first of these two complementary objectives remains to be achieved' but hopes that agreement in the economic sphere will lead to agreement in a wider field.

#### WAR-TIME INFLATION IN INDIA AND ITS SOCIAL REPERCUSSIONS

*International Labour Review*, December, 1944.

This article deals with the extent of the rise in the prices of various commodities, the factors tending to increase inflation, the effects of the rise on the cost of living of industrial workers and rural population and the measures taken by the Government of India to control the inflationary trend and adjust workers' earnings to the war situation. Every point is illustrated with available statistical data. The article concludes with a detailed examination of the various measures taken by the Central and Provincial Governments to control inflation—increased taxation, public borrowing, the provision of special facilities for saving, commodity control and rationing.

#### INDIA'S MONEY. By S. Chandrasekhar, *Asia and the Americas*, November, 1944.

Surveying the Bretton Woods Conference, Mr. Chandrasekhar draws attention to the fact that India got no automatic seat and therefore no vote in its Executive Directorate and shows how her political subservience to Britain (which has a seat and a vote) will adversely affect India's case. Referring to Mr. Henry Morgenthau's (Jr.) off-the-record answer that according right-ful place to India would mean another vote to Britain, India's subscription of \$400 million to the proposed International Bank and the defeat of the non-official Indian resolution on the liquidation of sterling assets, he draws attention to the devastating repercussions due to India's political dependence.

#### INDIA'S ECONOMIC POSITION IN 1944. By A. J. Grajdanzev, *Pacific Affairs*, December, 1944.

Mr. A. J. Grajdanzev surveys the food situation in India, the crop and price position, and the industrial situation with particular reference to the cotton textiles, the coal crisis, iron and steel. He observes that 'the direction of the

economic policy is still in British hands and may wreck all attempts at creating a new industrial empire. The U. K. C. C. is also a very powerful instrument in that respect....'

INDIA: A CASE HISTORY IN DIMINISHING RETURNS. *Amerasia*, 9, February, 1945.

CHINESE AND INDIAN VIEWS AT RYE. By Shirley Jenkins, *Far Eastern Survey*, 29 November, 1944.

FAMINE PREVENTION WORKS IN BENGAL. By D. N. Sen Gupta, *Asiatic Review*, January, 1945.

THE AGRARIAN SITUATION IN INDIA. By P. J. Thomas, *International Labour Review*, October, 1944.

#### Political

INDIA'S POLITICAL FUTURE AND RURAL RECONSTRUCTION.

By The Rev. J. Z. Hodge, *Asiatic Review*, January, 1945.

Rev. J. Z. Hodge gives a sympathetic explanation of India's demand for complete independence. Adverting to the political deadlock, he deplores the lack of personal contact and consequent distrust. As the Pakistan problem has its roots in race and religion, he wants its solution to be left to the Indian hands though he is opposed to the view that 'Britain must stand perpetually on guard to keep the peace in India.' Statutory recognition of the rights of minorities in the new constitution, he feels, will go far in solving the communal problem and any adjustments on the basis of the principle of Pakistan should not rule out the achievement of the ideal of an Indian Union as envisaged in the Cripps' proposals. He expresses the hope that such a measure of understanding as will enable all the parties to participate in a Conference is not beyond the range of practical politics. Turning to rural reconstruction, he deals with the problem of creating a better order of rural living through reclamation of vast stretches of desert and jungle and illustrates his idea with reference to the co-operative commonwealth of Gosava in the Sundarbans district of Bengal.

THE BRITISH LOOK AT INDIA. By Sir Frederick Puckle, *Asia and the Americas*, January, 1945.

Sir Frederick Puckle observes that the British feeling that India is a part of their familiar world forms the background of their picture of India. He quotes elaborately from the Commons debate on India on 28 July, 1944 to demonstrate the British sense of responsibility towards India. He affirms that this is obvious from 'the most striking thing that no one discussed whether or not India should have independence....It was taken for granted....' Expounding the Cripps' proposals as reflecting the principles of the Atlantic Charter, he asserts that the Gandhi-Jinnah talks are 'pointless except on the assumption that the Cripps Declaration is genuine.' Pointing out that as there is no alternative plan, the principle of settlement by agreement cannot be rejected and

settlement by coercion of minorities accepted, he comes to the facile conclusion of the only alternative 'that Britain should stay on indefinitely in India.'

**THEY MUST NOT FAIL.** By P. C. Joshi, *Amerasia*, 6 October, 1944.

Mr. P. C. Joshi indicates the lines along which the Gandhi-Jinnah negotiations might be carried on to find a successful solution of the Pakistan problem.

**GANDHI-JINNAH CORRESPONDENCE:** (Comments). *Amerasia*, 3rd November, 1944.

**THE GANDHI-JINNAH CONVERSATIONS.** By Sir Frederick Puckle, *Foreign Affairs*, January, 1945.

**POLITICS IN INDIA.** *The Round Table*, December, 1944.

**SOUTH AFRICA: THE INDIAN EMIGRANT.** *The Round Table*, December, 1944.

#### Others

**SCIENCE AND INDUSTRIAL PROGRESS IN THE NEW INDIA.** By Sir Shanti S. Bhatnagar, *Asiatic Review*, January, 1945.

**HINDU NUMERALS.** By C. A. Kincaid, *Asiatic Review*, January, 1945.

**INDIA'S FIGHTING SERVICES IN THE WAR.** By Commodore J. T. S. Hall, Major Sarabjit Singh Kalha and Sq.-Ldr. K. K. Majumdar, *Asiatic Review*, January, 1945.

**THE STORY OF THE INDIAN AIR FORCE.** By Wing-Commander W. W. Russell, *Asiatic Review*, January, 1945.

**THE BRITISH SOLDIER IN INDIA TODAY.** By Lieut.-Colonel G. R. Stevens, *Asiatic Review*, January, 1945.

# CHRONICLE OF IMPORTANT EVENTS

## INDIA, BRITAIN

**January 16, 1945** Dr. Ognev, a distinguished Soviet surgeon, arrived in New Delhi to study health conditions in India.

**January 26, 1945** India observed her Independence Day throughout the country.

**February 3, 1945** In an interview to the United Press of America, Bertrand Russell stated that Britain should declare quite unequivocally that India would be given independence at a definite date after the war against Japan was over—say twelve months after that. Pleading for the release of leaders, he added that the Cripps proposals should be clarified and America should be invited to support such clarified proposals.

**February 9, 1945** The Indian Central Legislative Assembly carried without a division an adjournment motion to censure the Government of India for their failure to apply economic sanctions against South Africa and recall their High Commissioner in the Union.

**February 17, 1945** The Commonwealth Relations Conference opened in London.

**February 28, 1945** Presenting the sixth war-budget relating to 1945-46, the Finance Member to the Government of India announced that an agreement had been reached with HMG regarding the allocation during the war of non-effective charges, like pensions and gratuities, paid to personnel of the Defence Services and their dependants, as a result of which an annual saving of Rs. 60 lakhs would accrue to the defence revenue budget.

**March 1, 1945** Viscount Cranborne, Dominion Secretary, announced in the House of Lords that India had been invited to participate in Empire discussions preliminary to the San Francisco Conference.

**March 11, 1945** It was announced that the Governor-General-in-Council had selected Sir Ramaswami Mudaliar and Sir Firoz Khan Noon, and the Crown Representative, Sir V. T. Krishnamacha-

riar as delegates to the San Francisco Conference, with Mr. K.P.S. Menon as the head of the Secretariat attached to the delegation.

**March 13, 1945** Sir James Grigg, Minister for War, reiterated in the House of Commons, the Government's decision to pledge themselves and their resources to the Far Eastern Campaign as soon as Germany was 'finished'.

**March 14, 1945** Dr. Khan Sahib, Ex-Congress Premier, accepted the invitation of the Governor of the N.W.F. Province and formed a Congress ministry consisting of two of his colleagues in the former ministry. After six years, the Congress accepted office again.

**March 15, 1945** Replying to a question in the Commons, Mr. Amery said: 'It is not intended to detain Congress leaders indefinitely. The Government of India will consider their release when they are satisfied they will not prejudice the maintenance of law and order and the safety of India as a war base'.

**March 19, 1945** The British Communist Party said in a statement that a new National Government should be formed after the general election with a Labour and progressive majority supporting international economic co-operation and an agreed minimum programme of economic and social progress.

**March 21, 1945** It was reported that Lord Wavell had left for London. Referring to the nature of his discussions with him, Mr. Amery said: 'I shall discuss all political issues as well as many other issues'.

**March 22, 1945** Churchill announced in the Commons that the British Delegates to the San Francisco Conference would be Mr. Eden, Mr. Attlee, Viscount Cranborne, Lord Halifax and Mr. G. Tomlinson, Miss Ellen Wilkinson, Miss Florence Horsburgh, Mr. William Mabane and Mr. Dingle Foot, who are all Parliamentary Secretaries.

**March 24, 1945** Speaking at the London Labour Party Conference Mr. Herbert Morrison said that Labour would fight the general election as an independent political party.

**March 26, 1945** The Indian Central Assembly threw out the Finance Bill by 58 votes to 50. Only five elected Independent members voted with the government. The Congress, the Muslim League and the Nationalists voted solidly to throw out the budget.

Earl Lloyd George died at Criccieth at the age of 82.

**March 31, 1945** The Governor of Bengal assumed the administration of the province under Sec. 93 of the Government of India Act, 1935. This followed the defeat of the Nazimuddin Ministry by 106 votes to 97 during voting on Budget demands in the Assembly on the 28th and the ruling of the Speaker that the Assembly could not function unless a new Ministry was formed.

## SOUTH EAST ASIA AND AUSTRALIA

**January 5, 1945** British and Indian troops recaptured the Japanese-held Akyab Island off the west coast of Burma.

**January 12, 1945** A delegation of Indian industrialists reached Australia.

**January 22, 1945** The Ledo Road was linked up with the Burma Road and the land-route to China was opened. Gen. Sultan declared. 'It makes the first breach in the Japanese land blockade of China'.

**January 28, 1945** The Duke of Gloucester arrived in Australia to take up duties as Governor-General.

**February 2, 1945** Anthony Brooke, Rajah Muda of Sarawak (in Borneo), was appointed by his uncle Rajah Sir Charles Vyner Brooke to be Chairman of the Sarawak Government Commission.

**February 4, 1945** The Japanese News Agency announced that a new 'War Government' was set up in Burma to supersede the existing 'Government'.

**February 11, 1945** A Special session of the Sinhala Maha Sabha adopted a resolution rejecting His Majesty's Government's Declaration of 1943 and deciding not to submit proposals to the Soulbury Commission.

**March 8, 1945** The Allies entered Mandalay.

**March 12, 1945** Sir Datar Singh, the leader of the Indian Trade Delegation to Australia, told the Australian Cabinet that India felt she was in a position to supply Australia's textile requirements replacing Japan during post-war years.

**March 16, 1945** The Australian Prime Minister said that negotiations for an agreement between Australia and China had been almost completed; the agreement would involve the abandonment by Australia of any claim to extra-territorial rights in the former treaty areas of China.

**March 23, 1945** The French Cabinet adopted a new constitutional statute providing political and economic autonomy within a Federal constitution for the five countries of Indo-China—Tongking, Cochinchina, Cambodia, Laos and Annam. The Federal Ministers of the Union would be selected from among Indo-Chinese as well as Frenchmen living in the country. 'It is intended to integrate this new Indo-Chinese federation in the "French Union". Indo-China will have complete freedom in currency matters and local currency will no longer be tied to the franc.'

## THE FAR EAST

**January 9, 1945** American forces landed in Luzon Island in the Philippines.

**January 21, 1945** Addressing the Japanese Imperial Diet, the Prime Minister Koiso declared: 'Today our country is facing the gravest situation since the outbreak of the war in Greater East Asia.' Referring to the Allied terms of uncon-

dional surrender, he said: 'Such day-dreams are nothing more than a laughing matter'

**February 10, 1945** Demands for the immediate dissolution of the Kuomintang Party's dictatorship and formation of a Coalition Government composed of all political factions in China including the

## CHRONICLE OF IMPORTANT EVENTS

Communists were cabled to China by the Chinese newspapers in North and South America.

**February 14, 1945** The Chinese Government agreed to convene a Conference of the Kuomintang, Communist and other Parties to consider interim measures for military and political unification of the country pending the convocation of the National Congress. The U.N.R.R.A. Far East Conference opened at Sydney. [See under International Events.]

**February 19, 1945** American marines supported by the Pacific fleet and aircraft landed on Iwojima in the Volcano Islands, only 750 miles from Tokyo.

**February 22, 1945** Lee Ping Shan of the Korean underground movement announced in Chungking that an underground force of 300,000 had been established in Korea and was awaiting the hour to strike. He disclosed that since the Sino-Japanese war broke out, 200,000 Koreans had been arrested by the Japanese, 7,000 were still in jail while another 50,000 were under constant surveillance.

The leader of the Indian Industrialists Mission to Australia said in Melbourne that their aim was a greater but balanced trade between India and Australia.

**February 26, 1945** Gen. MacArthur turned over the civil government of the Philip-

pines to President Sergio Osmeña who expressed the hope that the United States would accord full freedom to the Archipelago this year.

**March 9, 1945** The Japs took over Indo-China by disarming the French Indo-China military forces. It was stated that this action was taken after a 'refusal' of the Indo-China authorities in negotiations between the Japanese and French on joint defence.

**March 17, 1945** The Korean Foreign Minister in the Korean Provisional Government in Chungking announced that France had extended *de facto* recognition to his Government which was not hitherto recognized by any one else. He appealed to the other nations to follow suit and said that his Government would insist on representation at San Francisco whether they were recognized or not.

**March 26, 1945** It was announced that China would be represented at the San Francisco Conference by 10 delegates including the Foreign Minister Dr. T.V. Soong, the Ambassador in London Dr. Wellington Koo, the Secretary-General of the Supreme National Defence Council Mr. Wang Hung Hui, the Ambassador in America Mr. Wie Tomang Taoming.

### THE NEAR EAST AND MIDDLE EAST

**January 1, 1945** The conclusion of an Anglo-Egyptian Agreement was reported in Cairo. The Agreement marks the first step towards freeing the Middle East from import and financial controls. Egypt would be free to grant import licences for all commodities. Efforts would be made to provide several million pounds of foreign exchange for purchases in America and similar countries.

**January 2, 1945** It was reported that informal discussions on Arab unity had been started in Cairo and that King Farouk had invited King Ibn Saud to meet him in the near future.

**January 3, 1945** The Turkish National Assembly decided to break off diplomatic relations with Japan.

**January 7, 1945** It was reported that King Ibn Saud of Saudi Arabia would

sign the protocol drawn up at the October Pan-Arab Conference in Alexandria and that Yemen would also adhere to the protocol.

**January 8, 1945** The Ministerial crisis in the Lebanon which followed the resignation of the Prime Minister, Riad ElSolh, ended when the President of the Republic asked the Muslim Deputy for North Lebanon, Abdul Hamid Karameh, to form a new Cabinet.

**January 15, 1945** Premier Maher Pasha tendered the resignation of his four-party coalition Cabinet to King Farouk of Egypt as is customary after general elections. He formed a new Coalition Cabinet.

The final results of election to the Chamber of Deputies: Saadists 124, Liberals 74, Makramists 30, Independ-

dents 29, and Nationalists 7.

**January 19, 1945** It was reported that the constitution of the proposed League of Arab Nations would be drawn up early in February by a sub-committee on which the Foreign Ministers of Arab countries would sit.

**January 24, 1945** Questioned about Syrian Armed forces and Syrian independence in the Commons, Eden replied that the questions had been under discussion between the French and Syrian Governments and that His Majesty's Government had been in close touch with both sides in the negotiations.

**January 27, 1945** The Syrian Chamber passed a motion demanding the transfer of the Syrian army to Syrian hands.

**February 23, 1945** The Turkish National Assembly approved the declaration of war on Germany and Japan which was to come into effect from 1 March. The British Ambassador to Turkey invited the Turkish Government to take part in the San Francisco Conference.

**February 24, 1945** Egypt declared war on Germany and Japan. The Egyptian Prime Minister, Ahmed Maher Pasha, was shot dead as he was leaving the Chamber

of Deputies after a debate at which the above decision was taken.

**February 26, 1945** Syria declared war on Axis Powers. The declaration followed Syrian President's conversations with Allied leaders in Cairo.

**March 1, 1945** The constitution of the Arab League was approved by the Preparatory Committee of the League attended by Premiers and Foreign Ministers of all Arab States except Yemen.

**March 22, 1945** A Pact was signed in Cairo inaugurating the Union of the seven Arab States. 'The Pact of the Union comprises twenty articles covering a wide field of Arab co-operation economic, social, cultural, financial etc. A vote must be unanimous for counter measures against any Member State accused of aggression against another. A Member State ignoring the Arab League's decisions can only be expelled by a two-thirds majority. In all other matters only States voting with the majority are bound by the decisions. Any member may quit the League with one year's notice and there is no attempt made to define the nature of the sanctions to be taken against recalcitrant members.'

## THE DOMINIONS AND COLONIES

**January 4, 1945** A motion was passed in Kenya Legislative Council asking the British Government to invite General Smuts to arrange a Pan-African Conference immediately. This motion followed similar requests from South Rhodesia. Indian Members and the Africans opposed the motion.

**January 12, 1945** Col. Oliver Stanley, Colonial Secretary, stated at Kingston (Jamaica) that Britain had no intention of forcing a Federation of the West Indies upon the people.

**February 5, 1945** All the seven Indian Organizations and individuals who were to give evidence before the Natal Judi-

cial Commission notified it that they would not do so, until an amicable understanding was reached between the Natal Indian Congress and the Union Government.

**February 17, 1945** The Commonwealth Relations Conference opened in London.

**March 7, 1945** Sir Basil Brooke, Prime Minister of North Ireland, told the Ulster Unionist Conference that only if Ulster retained its place in the United Kingdom, would it be able to win peace for the people. He opposed the view that they should seek closer ties with Eire rather than with England.

## AMERICA

**January 10, 1945** The U.S. State Department announced that it had requested Roosevelt to withdraw the Anglo-Ameri-

can Oil Agreement from the Senate in view of the misunderstanding concerning the purpose and scope of the Agreement.

## CHRONICLE OF IMPORTANT EVENTS

Mr. Stettinius stated that the purpose of withdrawing the Agreement from the Senate was to permit consideration of the best way to achieve the fundamental purposes underlying the Agreement: preventing friction between nations growing out of problems of foreign oil and assuring to all adequate supply.

**January 18, 1945** Senator Joseph Ball introduced a Bill in the U.S. Senate to authorize admission and naturalization of Indian citizens and their descendants.

**January 27, 1945** Roosevelt's nomination of the former Vice-President, Mr. Henry Wallace, as Secretary of Commerce was rejected by the Senate Committee.

**January 29, 1945** The U.S. Under-Secretary of State declared: 'The United States will be glad to assist in achieving a satisfactory settlement of the Indian question'. He added that U.S. followed the developments on the Indian question with sympathetic interest.

**February 22, 1945** President Manuel Avila Camacho of Mexico opened the Inter-American Conference on Problems of War and Peace, consisting of delegates from 19 American States. The Conference had a fourfold programme before it including intensification of the hemispheric war effort, study of the Dumbarton Oaks proposals as they affected the American republics, consideration of how to fit the Inter-American system into the coming world structure and co-operation to raise living standards throughout the Americas.

**February 27, 1945** It was announced that the U.S. State Department had submitted to Congress an official report strongly

favouring adoption of a Bill submitted by Representative Emanuel Celler to permit legal immigration and naturalization of Indians.

**March 2, 1945** It was announced that President Vargas, who had been the virtual dictator of Brazil for nearly 15 years, had signed a 'constitutional Act' modifying the Brazilian Constitution which has been in force since Nov. 1937, in order to allow elections to be held and adapt the regime to new world conditions.

**March 4, 1945** The Associated Press of America inaugurated a news service to India.

**March 10, 1945** The Canadian Prime Minister, Mr. Mackenzie King, arrived in Washington for talks with Roosevelt.

**March 17, 1945** The White House announced that Mr. William Phillips had resigned his place as the President's Personal Representative with the Government of India.

**March 20, 1945** The U.S. House Immigration Committee voted by ten votes to six to postpone consideration indefinitely of the Indian Immigration Bill. Unexpected opposition was raised to the Bill by the Republican members who held that Indian labour would provide too much cheap labour in the U.S.

**March 27, 1945** Argentina declared war on the Axis.

**March 28, 1945** It was announced that a Bill to provide independence for Puerto Rico had been introduced in the House of Representatives and the Senate. The Bill provides for the Island's economic protection by a system of trade reciprocity.

### EUROPE

**January 1, 1945** In a new-year broadcast, Hitler declared that the end of the war would not come before 1946, unless by a German victory, for Germany would never capitulate.

**January 3, 1945** Gen. Plastiras formed a new Government in Greece.

**January 5, 1945** The Moscow Radio announced that the Soviet Government had recognized the Polish provisional National Government in Lublin, and that

the Presidium of the Supreme Soviet of the U.S.S.R. had also appointed an Envoy Extra-ordinary and Plenipotentiary of the U.S.S.R.

**January 11, 1945** King Peter of Yugoslavia announced that he approved in principle the Tito-Subasitch Agreement providing that the future constitution and government of Yugoslavia would be determined solely by the free decision of the people. In accordance with the

established policy of the Allied Nations that the widest grouping of the democratic parties was the only guarantee of the free expression of the people's will, he would support the setting up of an all-party government.

**January 12, 1945** A truce was signed in Athens between General Scobie and ELAS leaders providing for (i) the cessation of hostilities at 1 o'clock on 15 Jan.; (ii) the evacuation of ELAS forces beyond a specified line by 18 Jan.; and (iii) the release of military prisoners.

**January 13, 1945** The long-expected Russian offensive in Poland was opened.

**January 17, 1945** Stalin announced that the Red Army had captured the Polish capital of Warsaw.

**January 20, 1945** The Provisional Government of Hungary signed an armistice with the United Nations in Moscow. Hungary was to pay 75 million sterling reparations in the form of commodities such as machinery, river-craft, grain and live-stock over a period of six years. Of this total 50 million sterling would go to Russia and the remainder to Czechoslovakia and Yugoslavia.

**January 23, 1945** The Russians reached the Oder River in the Breslau area on a 37-mile front. The Oder forms the last natural line of defence before Berlin and, at the nearest point, it is about 43 miles from Berlin.

**January 25, 1945** Gen. de Gaulle stated at a press conference in Paris that although France had not been invited to the Big Three talks, 'these nations cannot be in doubt as to our desire to participate in their meeting'.

**January 30, 1945** The Yugoslav Prime Minister Dr. Subasitch handed the resignation of the Cabinet to King Peter who accepted it at the same time charging Dr. Subasitch with the formation of a new Government. In a broadcast to the German people on the 12th anniversary of his rise to Power, Hitler declared that he hoped to master the crisis. After referring to the Russian Bolshevik menace, he exhorted every German to do his duty to the last in defending their Fatherland which for 1500 years had been Europe's foremost Power.

**February 1, 1945** The Red Army carried the battle of Germany to within 40 miles of Berlin.

**February 7, 1945** The Belgian Premier M. Pierlot resigned for want of support in Parliament.

**February 8, 1945** The Dutch Government it was announced, authorized the premier to offer his resignation of the Cabinet to the Queen in order to enable the latter to bring the Cabinet into line with the altered circumstances consequent on partial liberation of the country.

**February 13, 1945** Stalin announced the fall of Budapest and the end of German resistance. The road to Austria was opened.

**February 15, 1945** Gen. de Gaulle declared in a speech in Paris that France would retain sovereignty of Indo-China and that she would act in such a way that the destinies of the Indo-Chinese people were better associated with the destiny of France.

**February 20, 1945** An official statement was issued from Gen. de Gaulle's office explaining the reasons for his inability to respond to Roosevelt's invitation to meet him at Algiers: (i) the invitation took him unawares and at a moment when many questions demanded his presence at Paris; (ii) it had come to him after the conference of the three heads of the Allied Governments had taken place, a conference in which France had not taken part and the details of which he had not yet known.

**February 25, 1945** Mr. Harold Macmillan, President of the Anglo-American Allied Commission, announced that the Italian Government would henceforth resume unfettered authority over its own external relations and over Italian affairs.

**March 5, 1945** American First Army tanks and troops smashed into the suburbs of Cologne.

**March 7, 1945** General Hodge's troops crossed the Rhine south of Cologne.

**March 25, 1945** The Spanish Government announced that it had ordered all Spanish diplomatic missions abroad to

# CHRONICLE OF IMPORTANT EVENTS

cease to represent Japanese interests.

**March 27, 1945** An Anglo-French financial agreement was signed in Paris. The object of the agreement is to develop to the maximum commercial exchange between the Franc area and the Sterling

area and to facilitate current settlements, especially commercial payments between the two areas and also to reach a final agreement of the various financial claims which have arisen between the two Governments during the war

## INTERNATIONAL EVENTS

**January 6, 1945** The Ninth Conference of the Institute of Pacific Relations opened at Hot Springs with members and observers from twelve countries attending.

**January 6, 1945** A proposal for a 'Charter of Trusteeship' for colonial and dependent territories was agreed on by the Dependency 'Round Table' of the Pacific Relations Conference largely as a result of the efforts of the Indian Delegation.

**February 6, 1945** The World Trade Union Conference opened in London.

**February 12, 1945** It was announced that the 'Big Three' meeting had ended after talks lasting eight days at Yalta in the Crimea. Agreement was reached on (i) a common policy of enforcing unconditional surrender terms to be imposed on Germany; (ii) the United Nations Conference to meet at San Francisco on 25 April to prepare a charter of an organization to maintain peace and security along the lines proposed at Dumbarton Oaks; and (iii) the future of liberated Europe—Poland, Yugoslavia etc.

**February 14, 1945** The U.N.R.R.A. Far East Conference opened at Sydney. Dr. Evatt stated that the three weaknesses which were particularly apparent from the viewpoint of the Far East and the South-West Pacific areas were the many delays in the commencement of the U.N.R.R.A.'s activities in liberated areas, over-centralization of administration and the need for wider national representation at all levels on the U.N.R.R.A.'s administration and staff.

**February 16, 1945** The U.N.R.R.A. Far East Conference resolved that, as regards the extent to which secondary industries should be built up in East Asia, industrial rehabilitation should not go beyond pre-war capacity.

**February 18, 1945** The Drafting Committee on the constitution of the next World

Trade Union Conference allotted one seat to India. On two committees appointed by the World Trade Union Conference now sitting in London to submit reports on the peace settlement and International World Trade Union Federation, two seats were given to the members of the All-India Trade Union Congress.

**February 21, 1945** Churchill stated in the Commons that the Atlantic Charter was a guide and not a rule.

**March 6, 1945** Mr. Eden declared in the Commons that in the discussions at San Francisco the status of the British Colonies would not be altered without consultation with such colonies and sanction of Parliament.

**March 8, 1945** It was announced that the negotiations between Switzerland, Great Britain, U.S. and France had been completed and full agreement reached on Swiss steps against enemy and looted property concealed in Switzerland, overseas supply of food and raw materials to Switzerland, railway transit across France etc.

**March 12, 1945** Stettinius announced the formation of an Allied Reparations Committee to be established in Moscow for determining the reparations in kind to be paid by Germany for destruction on Allied territory.

**March 29, 1945** Mr. Herbert Evatt, Australian Foreign Minister, urged in Washington for definite inclusion of Atlantic Charter principles in the Dumbarton Oaks plan and a clearer stand on the question of protecting 'territorial integrity and political independence of the nations.'

**March 31, 1945** The U.S. State Department announced that U.S. had rejected the Russian request for a seat for the Lublin Polish Government at the San Francisco Conference.

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## **CONTENTS**

**THE INDIAN COUNCIL OF WORLD AFFAIRS** is an unofficial and non-political body, founded in 1943 to encourage and facilitate the scientific study of Indian and International questions. The Council, as such, is precluded by its rules from expressing an opinion on any aspect of Indian or International affairs. Any opinions expressed in the articles printed in this Journal are, therefore, the opinions of the authors and not those of the Council.

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# ROOSEVELT'S LEGACY TO AMERICA AND THE WORLD

By SENATOR ELBERT D. THOMAS

## INTRODUCTION

FRANKLIN DELANO ROOSEVELT first captured the imagination of the American people by literally swooping down from the skies. On being notified thirteen years ago that he had received the nomination of the Democratic Party for the Presidency, he boarded an airplane and made the initial flight of the long series which eventually carried him almost over the world.

In this case, his flight was from New York to Chicago, where the party's national convention was meeting. It was unprecedented and breath-taking to do such a thing in those days. It was considered undignified, hazardous, melodramatic—and the American people were delighted. They felt it entirely appropriate when upon his arrival he stood before the convention and uttered these simple but immensely significant words:

'I pledge you—I pledge myself—to a new deal for the American people. Let us all here assembled constitute ourselves prophets of a new order of competence and of courage. This is more than a political campaign : It is a call to arms. Give me your help not to win votes alone, but to win in this crusade to restore America to its own people.'

In thinking of all that has happened in and to the United States since that time—2 July 1932—the immediate issues of those days seem both remote as a previous century and fresh as today's newspaper. Chiefly what has happened is an expanding of the crusade to the whole world. Thus it is that Roosevelt's own unforgettable summary of those issues not only takes us back to the economic cataclysm in the United States which made his first election possible but presents a need that is today world-like. Speaking in April 1932, he said :

'These unhappy times call for the building of plans that rest upon the forgotten, the unorganized but the indispensable units of economic power, for plans . . . that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid.'

And in another address a month later, he added: 'The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach.' But the words, of all those used by Roosevelt over the years, which best describe the era from 1932 to today are these, from the same address :

'We need enthusiasm, imagination and the ability to face facts, even unpleasant ones, bravely.'

That is the essence of what Roosevelt called for, fought for and eventually died for. It is the essence of what happened in the United States during his presidency. The task of carrying forward the job of facing facts bravely was his legacy to the world.

## THE WORLD OF CANDIDATE ROOSEVELT

It is impossible to understand the United States of today or the events of the past twelve years without going back to the conditions that existed at the time he was first running for election as President of the United States. The nation was solemnly and somewhat grandiloquently celebrating the two hundredth anniversary of the birth of George Washington, who led the armed forces in the American Revolution and later was the first President of the young country. In the nation's capital, named after him, veterans of the first world war, having marched across the now-mature country, were demanding relief from conditions of unemployment and starvation, and were being forcibly ejected from the city by troops. Banks and business firms were failing. Government spokesmen everywhere were assuring everyone that prosperity was just around the corner. Riots of farmers and of industrial workers were taking place. Homeless men and women trod the streets of cities looking for jobs, for food, for shelter. Farm owners and workers were suffering from foreclosures of their habitations and resisted demands to move out with rifles and clubs. One of the oldest democracies in the world, the strongest and most prosperous nation in history, quivered with alarms, fears, reassurances, hunger.

The United States was not alone in its troubles. Almost everywhere on the globe there were parallel or worse conditions. By far the greatest part of the two billion inhabitants of the world were living in misery, as most of the people in the world have lived throughout human history. The most significant part of it all was the ferment of protests, the growing realization that such conditions were not necessary, the spreading belief that human beings can live an abundant life if they insist on it. This gave opportunity for budding tyrants like Hitler to offer their followers false programmes concealing savage and barbaric measures to afford themselves power by the age-old doctrines of human slavery, to distort the longings of people for peace and work into acceptance of exactly the same formulae which have always produced and prolonged human misery.

In the United States, the chief trouble was not the financial depression. It was instead the fact that illusions of a major character had arisen and had affected the thinking of the people of the United States to the extent that—in the face of the facts—they were unaware of the realities of the situation in which they found themselves. It is probably the most remarkable fact of this period that during the years of 1930-1932, much of the illusion of national prosperity and well-being continued, and that those who used the word 'depression' were condemned as unpatriotic by many national leaders.

It was under these conditions that Roosevelt travelled up and down the United States calling on the nation to become aware of its realities, its needs and its opportunities. On becoming President on 4 March 1933 he told the nation:

'This is pre-eminently the time to speak the truth, the whole truth, frankly and boldly. Nor need we shrink from honestly facing conditions in our country today. This great nation will endure as it has endured, will revive and will prosper....Let me assert my firm belief that the only thing we have to fear is fear itself.'

## THE BASIC NEW DEAL PROGRAMME

Roosevelt was a man of many words, but also of even swifter and more decisive actions. Immediately after his inauguration, he proclaimed a nationwide holiday closing all banks while action was taken to remedy their shaky condition. Then he called a special session of Congress and began to formulate the most startling programme of national measures in American history up to that time. During its first hundred days this Congress gave him seventy-seven distinct grants of sweeping executive power.

The basic New Deal programme called for direct participation by the national government in providing for the welfare of the people. It depended on private enterprise as the mainstay of the national economy, but took drastic steps to regulate it in order to protect investments and homes, prevent fraud, assure the rights of labour to fair wages and working conditions and of farmers to fair profits. In addition, it supplemented private enterprise by large public works projects and job programmes for the unemployed, and instituted social security measures to ameliorate the effects of old age, unemployment, disability and the like.

Not all this was effected during Roosevelt's first term, but long strides were taken. An emergency act brought gradual stability to the banks. Sales of securities were regulated. Holding companies were curbed. Bank deposits were insured. The dollar was devalued. The National Recovery Administration regulated wages and hours in industry. The Agricultural Adjustment Administration controlled agricultural production and regulated price and income levels, all by means of voluntary co-operation. The Federal Housing Administration and other agencies made possible the saving of homes and farms foreclosures and the purchase of others on long-term, low-interest mortgages.

Besides this regulatory type of aid, the national government operated vast public works and conservation programmes. The Tennessee Valley Authority began to develop and sell cheaply electricity made from publicly owned dams as it did an over-all job of rebuilding the valley's economy. The Public Works Administration supervised construction of billions of dollars worth of bridges, dams, school buildings and similar structures. Three successive agencies—the Civil Works Administration, the Federal Emergency Relief Administration and the Works Progress Administration—gave direct employment to millions of jobless men and women in a variety of public projects. The Civilian Conservation Corps provided work training on conservation projects for two and a half million young men between 18 and 25, and later was supplemented by the National Youth Administration, which gave employment and training to several hundred thousand boys and girls in their late teens and early twenties.

Merely to enumerate the agencies and activities of the government would require many pages. An account as brief as this necessarily omits large areas of activity. But even this makes it clear that much was attempted and that much was done.

## ACTIONS OF THE OPPOSITION

It must not be imagined that the New Deal was created and that it operated without opposition. From the first, both its philosophy and its specific proposals were fought bitterly and relentlessly, and its opponents made up a great proportion of the American population. The highest percentage of the national vote that Roosevelt ever received was 59.6 in 1936, which means that forty per cent of Americans who were able and willing to vote were opposed to his continuation as President, and these included many powerful and influential leaders of finance, industry and public opinion. It does not mean, however, that all New Deal measures were opposed in this degree. Indeed, the opposition embraced many of these measures as time passed, until in the 1944 campaign Governor Dewey endorsed substantially all the measures of the preceding eleven years, basing his attacks on alleged faulty administration of them.

But the opposition to New Deal policies did a great deal to affect their implementation. A fundamental cleavage developed within the Democratic party itself, so that its representatives in Congress formed two groups which differed almost as widely in their views as did the New Dealers and the Republicans. The large, even overwhelming, Democratic majority in the Senate and House lost its apparent significance. Since 1936, Congress for practical purposes has been almost equally divided on domestic policies, and in order to attain its purposes at all, the Roosevelt administration found it necessary to accede to compromises of various kinds.

Moreover, opposition arose from a new and powerful source, the Supreme Court of the United States. The United States constitution makes it necessary that all legislation passed by Congress be 'in pursuance' of the Constitution in order to be valid; to use the popular phrase in the United States, all laws must be 'constitutional.' Almost from the time of the establishment of the national government, the Supreme Court has acted as the final arbiter of the 'constitutionality' of laws. If, when a case is brought before it, it decides that the law on which the case is based is 'unconstitutional,' the law is automatically considered null and void, and in effect repealed. The only way to remedy the situation in such an event is to amend the Constitution itself, or to hope that in the future the Supreme Court will reverse its former decision, which has happened not infrequently.

Because the Constitution is largely worded in general terms, there is wide latitude for differences in interpretation of its provisions—so wide that in a majority of cases in which the constitutionality of a law is involved, the Supreme Court justices disagree with one another. A majority vote, however, decides the matter officially.

Thus the personal and political viewpoints of the Supreme Court justices inevitably play a large part in forming their decisions. In the years from 1933 to 1937, the majority of the justices believed that various New Deal measures were unconstitutional and so decided. In the two most notable cases, the National Recovery Administration and the Agricultural Adjustment Administration were decided to be operating under basically unconstitutional laws, so

that the first was in effect abolished and the second shorn of its most important functions. This was a body blow to the New Deal which deprived it of the mainstays of its operation.

As Roosevelt neared the end of his first term, therefore, he was faced with baffling problems. The measures of the early years had not ended the depression entirely, but had brought renewed stability to finance and industry, increased incomes to farmers and workers, jobs to millions of the formerly unemployed, a measure of economic security for those who had none. But now apparently his hands were tied by the Supreme Court.

More than this, the American people generally had not grasped fully the implications of the injunction 'to face facts, even unpleasant ones, bravely.' In 1932, the immediate facts of imminent total economic collapse could not be escaped, but now that the danger seemed over, the deep-rooted ills that had caused it and that still existed were easy to ignore. The great illusion existed that the whole nation was prosperous because it had many millionaires and scores of millions of citizens living in comfort. The poverty and the hunger of the others became obscured.

#### THE SECOND GREAT TASK

None has loved the United States, its people and its form of government more than did Roosevelt. In the midst of cries that he was trying to violate American ideals, of Court decisions that his proposals violated the Constitution, he cherished with passionate faith all that is symbolized in the Lincolnian phrase, 'government of the people, by the people, for the people.' He believed that the greed of a few and the indifference of many had brought about an unfair and disastrous distribution of wealth and income, the deprivation to millions of the opportunity for an abundant life for millions and an economic system which forgot the common man and spelled certain ruin.

In this spirit he cheerfully faced the task of making his fellow men see the realities and making it possible for their representatives to enact laws that would accomplish the ends of democracy. When in 1936 he accepted his re-nomination for the Presidency, he said:

'There is a mysterious cycle in human events. To some generations much is given. Of other generations much is expected. This generation of Americans has a rendezvous with destiny.... We are fighting to save a great and precious form of government for ourselves and for the world.'

Nor did he wait to act decisively. Triumphantly re-elected after a campaign during which he boldly asked citizens to consider their own experiences during the preceding three years, and if they found themselves better off to vote for him, and if not, to vote for his opponent, he did not rest on past accomplishments. In his second inauguration address he plunged to the heart of the conditions he was trying to make real to all Americans. He attacked the illusion of nation-wide prosperity and well-being in these words:

'I see one-third of a nation ill-housed, ill-clad, ill-nourished.... It is not in despair that I paint you that picture. I paint it for you in hope—because the nation, seeing and understanding the injustice in it, proposes to paint it out..

..If I know aught of the will of our people....they will demand a nation uncorrupted by cancer of injustice and, therefore, strong among the nations in its example of the will to peace.'

The address caused an enormous sensation. Never before had a President of the United States claimed conditions to be as bad as this, or anywhere near it. Millions whose illusions had kept them from knowing the facts were inexplicably shocked by the admission of wide-spread poverty and suffering.

But a greater shock was to come, for within a month Roosevelt sent a message to Congress demanding that something drastic be done about the Supreme Court and its power to nullify legislation. He told Congress that the American people would not tolerate frustration of their rights to help themselves and to build a truly prosperous country.

The step he advocated was indirect. It was to enlarge the Court from its current membership of nine to fifteen and to induce retirement of justices at the age of seventy. But its effect would not be indirect, for it was clear that the new appointees would be believers in the New Deal philosophy and that their interpretations of the constitutionality of laws would differ from those of the existing majority.

The conflict that followed was one of the most bitter in American history: the effects of the months of agitation and recrimination, the effects of which did not disappear for years. Technically, Roosevelt lost the battle, for the measure he advocated did not pass. The Supreme Court retained a membership of nine. But through deaths and retirements and new appointments the real purpose of the battle was attained. The majority shifted to a position of constitutional interpretation that approved the validity of important New Deal laws.

During the second term, therefore, much legislation passed previously survived Supreme Court tests. The Social Security Board, now part of the Federal Security Agency, administered social security benefits affecting scores of millions of people. The National Labour Relations Board began administering laws that assured labour rights of collective bargaining. A law establishing minimum wages and maximum hours of work became a reality. Many other steps followed the same trend.

Even with the approaching danger of war and the eventual concentration of the national economy on war production, Roosevelt did not neglect carrying out as far as possible the steps which had been planned for years. In his annual message to Congress in 1944 he made a definite statement of the aims of his programme, and this he repeated on 6 January 1945, only three months before his death. His 1944 message said:

'We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. Necessitous men are not free men. People who are hungry and out of a job are the stuff of which dictatorships are made.'

'In our day these economic truths have become accepted as self-evident. We have accepted so to speak a second Bill of Rights under which a new basis of security and prosperity can be established for all regardless of station, race or

creed. Among these are: the right to a useful and remunerative job in the industries or shops or farms or mines of the nation; the right to earn enough to provide adequate food and clothing and recreation; the right of every farmer to raise and sell his products at a return which will give him and his family a decent living; the right of every business man, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home and abroad; the right of every family to a decent home; the right to adequate medical care and the opportunity to achieve and enjoy good health; the right to adequate protection from the economic fears of old age, sickness, accident and unemployment; the right to a good education. All of these rights spell security. And after this war is won we must be prepared to move forward in the implementation of these rights to new goals of human happiness and well-being. America's own rightful place in the world depends in large part upon how fully these and similar rights have been carried into practice for our citizens. For unless there is security here at home there cannot be lasting peace in the world.'

#### THE THIRD AND FOURTH GREAT TASKS

Even in 1932, when Roosevelt was formulating the domestic programme of recovery and reform which occupied him for many years, there were rumblings from both Europe and Asia of the storms to come. Japan had struck at China, invading Manchuria. Hitler was gradually gaining the ascendancy in Germany. The financial depression in the United States was equalled in many other countries. From the very first, the foreign policy of the United States received careful attention from Roosevelt and his advisers.

The first bold move made by Roosevelt in 1933 was the announcement of the Good Neighbour Policy, followed by the enactment of Reciprocal Trade Agreements with many nations principally in Latin America.

By the time of the second term, conditions abroad had grown much worse. Mussolini had conquered Ethiopia. The Franco revolt against the republic of Spain was beginning. Japan, on 7 July 1937, opened its full-scale war against China which is still continuing. Hitler's projected conquest of the world was in its preparatory stages.

In spite of these events, the people of the United States largely suffered from an illusion as great as that which Roosevelt had fought regarding the domestic situation. The majority of Americans firmly believed that the United States was by its geographical position free from any danger of invasion and that it should not concern itself with the troubles of other countries. It became the task of the Roosevelt administration to begin a third battle for the facing of realities, this time the realities of world inter-dependence and the menace of fascism.

How well this task was accomplished is written in the pages of recent history for all to read. It is not possible to relate here the many and complex phases of the battle. It is important to realize, however, that the complete shifting of the American attitude by the time the United States entered the war was as important to final victory as was the actual fighting of the war. The many

pre-war steps taken to convert the nation into an arsenal of democracy played a large part in the later victories of the United Nations.

Thus, when war came, the United States was more nearly ready than at any time in its history and was already operating on what amounted to a war-time economy.

But even before our entry into the war, Roosevelt was beginning his fourth and final task of bringing realities home to the American people. This was the reality that the nations of the world must combine to establish an enduring peace, must associate themselves with one another intimately in this purpose, must co-operate with one another in all areas of human endeavour. The United Nations took shape, and as the years have passed, the basis for association of nations and for international co-operative organizations in many fields has been laid.

Today the United States is conscious as never before of its international responsibilities and opportunities and it goes forward with a sense of deep understanding of world needs.

President Roosevelt is gone. As I have said, the task of carrying forward the job of facing facts bravely was his legacy to the world. Probably no man in history has been missed by so many people as has Roosevelt since he died. But he served his nation not by ruling it, not by miraculous formulas, but instead by inspiring his fellow men to face realities for themselves and to shoulder their responsibilities fearlessly. He expressed this less than six months before his death in these words:

'The creed of our democracy is that liberty is acquired and kept by men and women who are strong and self-reliant, and possessed of such wisdom as God gives to mankind—men and women who are just, and understanding, and generous to others—men and women who are capable of disciplining themselves. For they are the rulers and they must rule themselves.'

In this faith the people of the United States go forward.

## SOME PROBLEMS OF RE-CONSTRUCTION IN BURMA

*By T. G. NARAYANAN*

BURMA, most of whose area has just been liberated from Japanese occupation by Allied arms, is the one country in the British Empire that has suffered most from the ravages of war. She has suffered from over 18 months of active war on her soil, from over forty months of military occupation and from incessant air-attacks during a similar period. She will continue to remain under a British Military Administration for some months more to come. Besides causing active material and moral destruction, the war has so deranged Burmese economy and thought that it will take several years before the Burmese can recover their pre-war level of prosperity and confidence. It is not possible within the brief area of an article to attempt an examina-

tion of all the problems of Burma's reconstruction. Problems connected with the question of foreign minorities in Burma, the return to Burma of Indians who lived in that country prior to the outbreak of the war, Burma's future political status and her relationship with Britain in the coming few years—these will be outside the scope of this article, though they are all connected in one way or the other with the reconstruction of the country. I propose to confine myself to problems connected with the reconstruction of Burma's economy, her agriculture, her communications, transport, and her finance.

#### ECONOMIC SET-UP

Burma spreads over an area of 261,610 square miles. Her variety of terrain, rainfall and temperature differences, vegetation and under-soil wealth are amazing. Nature when she endowed the earth did not treat Burma in a niggardly fashion. There are 20,000,000 acres of forest reserves in Burma and over 10,000,000 acres of rich paddy land. In the so-called dry zone of Central Burma, an area only slightly less in extent to the rice-growing regions, other food crops to supplement rice are grown. Burma is not only self-sufficient in her staple foods, but she is also a great exporter of rice. Her next most important source of wealth is her forests, which yielded before the war an annual average of 500,000 tons of teak. The third big factor in Burma's pre-war economy was her mineral wealth—oil and its by-products, tin, wolfram, lead and silver. Burma's lines of communications, determined by the terrain of the land, are more or less longitudinal. Her great navigation-fit rivers and her railways run from north to south down valleys ribbed by the Arakan Yomas, the Pegu Yomas and the south-running spurs of the Yunnan ranges, which themselves are a projection of the great Himalayas. The snows of the northern mountains melting in the summer and the monsoon rains pouring over Burma help keep the rivers watered to sufficient depths to permit river steamers plying all the year round.

Burma's economy, like that of other colonial countries in the British Empire, is mainly an agricultural one and almost solely centred on one particular produce, namely, rice. Once this single prop of her economy gets shaken out of its position, Burma's economic and political stability also get rudely shaken. That is what happened when Japan invaded Burma and during the time of the Nipponese occupation of that country. At the time when Japan invaded Burma, the country's rice harvest was just beginning to come in and only a fraction of it had been shipped to Indian markets, which, by the way, were the largest buyers of Burmese rice. A large proportion of the 1941-42 crop, however, remained in the country's warehouses and rice-mills. This, in a way, proved to be a blessing as in the troublesome times that followed, with rice production at a low level, the people could draw from the left-over stocks of the 1941-42 harvest.

#### RICE ECONOMY

To appreciate the place of rice in Burma's economy it is perhaps desirable to give some figures related to its production, export and value. With between 10 and 12 million acres under rice, Burma produced in a normal

pre-war year around 5.2 million tons of rice, of which the exportable surplus amounted to between 2.5 to 3 million tons. India bought slightly more than half of Burma's exportable surplus and other customers were Ceylon, Near East countries, Malaya and occasionally Japan. The cash value of rice exported from Burma came to about Rs. 20 crores yearly. Between 40 and 50 per cent in value of Burma's annual export trade was accounted for by her rice exports. By the fact of India being the single largest buyer of Burma rice, Burma's rice economy was closely geared to India's and the moment physical connexion between the two countries was severed Burma collapsed economically. When, however, Burma came exclusively within the orbit of South-East Asia she found herself in a region with a surfeit in rice, mineral oil and timber. South-East Asia was not vitally dependent on Burma's products and what Burma badly wanted was not to be had in South-East Asia.

The conquest of Burma by the Japanese, therefore, meant to her not only the loss of her rice markets, but also at the same time the loss of her sources of imports, chief of which was India. It is as well to dwell here on certain other aspects of Burma's rice economy. In the production of rice in Burma, Indian finance and Indian labour played a very considerable part. Without going into the history of the cultivation of Lower Burma, it will be sufficient here to record that six million acres of rice land were in the possession of non-agriculturists before the outbreak of the war and that those acres were cultivated by tenant farmers, who, at every stage of production from tilling, sowing up till the harvesting, depended either on their landlords or on local financiers for cash advances. Over two and half million acres of tenant-cultivated land belonged to Indians, who, in many cases, were both landlords and financiers. It is difficult to estimate the amount of financial accommodation afforded every year during the agricultural season by indigenous bankers to Burmese agriculturists, but there is no doubt that without such accommodation—especially when the State is unable to provide agricultural loans—the production of rice in Burma will be on a much lower level. Indian labour also played a not inconsiderable part in Burmese agricultural operations. Of the 500,000 odd tenant farmers in Lower Burma some 32,000 were Indians, and every year during the decade 1931-40 a little over 200,000 labourers used to immigrate into Burma from India for agricultural work during the busy season of October-May. This labour was seasonal, emigrating back to India after May, and was required to supplement the already available labour force in the country, Burmese and Indian. Rice production in Burma had all the aspects of a plantation industry: absentee landlords, seasonal financing, immigrant labour and in addition tenant-farmers who were constantly on the move because of rack-renting. These evils were almost endemic in Burmese agriculture and prevailed in peace-time and they required solution in graduated doses spread over a long period. But when war came with a sudden rush and Burma fell quickly to the Japanese, Burmese agriculture was the first to suffer from very serious blows.

With the sudden loss in confidence in the established order of things and

facing a period of uncertainty, indigenous financiers in Burma—mostly Chettiyars from South India—cut their losses to the minimum, withdrew as much of their outstandings as they could, exported capital to India and refused to lend. The monetary foundation of Burmese agriculture collapsed. Export possibilities being nil, there was also no inducement to produce for trading purposes. Production was mainly for sustenance of the local agricultural population and, with the later deterioration in internal communications, production even for internal trade purposes ceased and non-rice-growing areas in Burma were threatened with famine. Today, as I write, there is a rice famine in the Bhamo area and the Army is flying in rice to save the population there. The flight of immigrant labour and the general sense of insecurity that continued to prevail throughout the period of the Japanese occupation were additional factors that caused the decline in agricultural production.

While the factors mentioned in the preceding paragraphs may be described as being indirectly caused by the war, there were other factors directly attributable to war that also played a part in ruining Burma's agriculture. Large numbers of agricultural labour, Burmese and Indian, were impressed by the Japanese military authorities, considerable numbers of prime plough-cattle were slaughtered for food and vast quantities of rice were requisitioned for the occupation forces, being paid for in a currency that, far from showing any sign of stability, was for ever ascending skyward.

#### REHABILITATION OF BURMESE AGRICULTURE

I spent several weeks in Upper Burma in the autumn and winter of 1944 and again a few weeks in the Tamu region of Central Burma in January of this year. I spent a fortnight in May travelling from Meiktila in Central Burma down *via* Toungoo and Pegu to Rangoon. In Northern Burma agricultural operations were on a reduced scale and on very low levels of efficiency. For miles one scarcely saw any cattle and previously tilled land had gone fallow. Owing to complete disruption in communications, movement of agricultural produce was at a standstill, and what little moved went from one village to a neighbouring one. General food scarcity was acute throughout the area. In the rich plains of Lower Burma, however, there was a sufficiency of rice while protein foods such as grams and pulses were in very short supply. In the rich rice district of Pegu I saw vast areas lying fallow. I inquired of a number of peasants as to why that was so; and they told me the one thing they needed immediately more than anything else was plough animals. They also complained of a lack of labour, of high wages, of their inability to transport produce to urban markets and of their lack of confidence in what they would get in exchange for their produce. These then are the main difficulties being faced by 70 per cent of the people of Burma who are directly dependent on agriculture for their livelihood.

The foremost reconstruction job in Burma after the civil administration takes over control, therefore, will be the rehabilitation of Burmese agriculture. For a year or even two to come I do not think Burma will be in a position to produce exportable surpluses in rice. And till she can be en-

abled to do so, Burma will not have sufficient cash to embark on other equally important schemes of reconstruction. Burma in the immediate future will have to depend on outside financial help, either in the form of loans to her Government or more directly in letting financiers operate in direct relationship with cultivators, and on immigrant labour. Even if we assume that all the Indians who left Burma in 1942 will be willing and permitted to re-enter that country, Burma will need a very large, seasonal, labour force, larger than the peace-time average strength of 200,000 a year. Whether Burma can get the assistance of outside finance and immigrant labour from India, in the immediate post-war years at least, depends very much on what assurances and guarantees the Government of Burma can and will give to the Government of India about the protection of the rights and properties of Indian nationals in Burma. Burma's rice economy is a very vulnerable one and, once the Japanese are cleared out of South-East Asia, Thailand with her exportable surpluses in rice will be a serious competitor and India will be in a position to choose from whom she will buy her rice requirements. An amicable understanding between Burma and India, on matters of trade, immigration and protection of the rights of Indian nationals in Burma, seems to me to be an essential prerequisite to any successful attempt that the Burma Government may make to reconstruct Burma.

Before leaving the subject of the rehabilitation of Burmese agriculture, I should like to emphasise again its importance to the people of Burma, 70 per cent of whom, as I have already pointed out, are entirely and directly dependent on it. Burma's next great sources of revenue are from her mineral oil and timber, both of which are controlled and operated in a monopolistic fashion by foreign European interests. While it is true that the Government of Burma derive a sizeable revenue from these two sources, the people of the country directly get very little income from Burma's oil and timber, except in the shape of wages for the labour they contribute in raising oil and teak. The oil industry suffered as a direct result of the war and the Allies, before they evacuated the oil-fields area, demolished all the plant, plugged and burnt out the wells and destroyed the refineries at Syriam, near Rangoon, and in the oil-field area itself. Much prolonged and costly effort will be required before the oil-wells can be made to yield again, but the rehabilitation of the mineral-oil industry—an industry whose yearly export trade value amounted to roughly Rs. 10 crores—will in the main be a private responsibility. As far as one can see, the Government of Burma will not be in a position to nationalize the under-soil wealth of the country and, that being the position, the problems of the rehabilitation of mining and oil industries will be left to be faced by private enterprise. The forests of Burma, the third biggest internal source of revenue, did not at all suffer from the war. On the contrary, they got a certain measure of respite from exploitation as the Japanese could not extract any very large quantities of timber.

#### TRANSPORT AND COMMUNICATIONS

Two of Burma's assets that suffered grievously as a direct consequence of the war were her rail communications and rail and river transport and her nu-

merous rice-milling establishments. In every part of Burma that I had been to, I noticed broken road and rail bridges, rails flung out of their beds, locomotives shot up, bombed and destroyed and rusting, and wagons twisted out of shape and utterly unusable. Except in the city of Rangoon, nowhere in Burma did I see a single private automobile on the roads. Power-driven river transport, too, was notable by its absence. Most of the steamers of the Irrawaddy Flotilla Company that fell as booty to the Japanese must have been sunk by Allied bombers or otherwise so badly damaged as to be unfit for further use. Even seven days after Rangoon was recaptured by the Allies I did not find a single rice-barge on the Hlaing river. A few sampans were about, but they were mainly ferrying passengers and goods from one shore to the other.

Almost as important as the restoration of confidence among the Burmese people and of credit and of other aids to the Burmese agriculturists is the task of quick restoration of communications throughout the country. The Army so long as it was denied Rangoon put in a tremendous amount of work without calculating costs in building up communication lines behind its rear extending back to bases in India. That way two magnificent new roads were built: one from Ledo to Myitkyina in North Burma, this road continuing up to Bhamo, and the other one beginning from Dimapur railhead going through Imphal onward to Tamu, linking Tamu with Kalewa by way of the Kabaw Valley. The Army was also doing a fine job of repairing railroads, reconstructing bridges and putting all available locomotives and wagons on rails. With the recapture of Rangoon, however, the Army's communications in the rear have assumed much less importance, as supplies could be shipped direct to Rangoon. With the war moving further away from Burma, the Army cannot be expected to devote much more attention than hitherto to improving lines of communications in Burma. Much, therefore, will remain to be done by the civil Government when they take over control. In a world that is acutely short of mechanized land transport it may not be easy for Burma to get within a reasonable period even the minimum transport necessary to maintain essential internal traffic. Burma's 2,000 mile long metre-gauge railway system will need immediately several hundreds of wagons of all types and at least a hundred locomotives. The Irrawaddy Flotilla Company that operated in peace-time over 600 river steamers navigating 1,300 miles of waterways will need large replacements urgently. Before the war, Burma had 4,500 miles of all-weather roads and 3,500 miles of fair-weather roads; and when the war finally passes beyond Burma, she may find herself with a legacy of an additional 2,000 miles of roads built both by the Japanese and the Allies during their respective periods of military occupation. Burma would need several thousands of trucks and passenger vehicles and getting them is again going to be a tough proposition.

It might be pertinent to raise here the question as to whether Burma would not do well to own and operate under State control her entire transport system, now that things are going to be begun from the very foundations as it were. Vested interests would, of course, stand in the way. Additionally, the argu-

ment would be used that the Burma Railways under State management had never been able to show profits, whereas, on the contrary, the Irrawaddy Flotilla Company had an excellent record of efficiency and cheap traffic rates.

#### INDUSTRIAL ESTABLISHMENTS

Next in importance to communications and transport were the industrial establishments of the country that gave the means of livelihood to nearly 10 per cent of the population. Chief among them were the innumerable rice-mills. There is not much evidence that any large numbers of them were dismantled and removed during the Japanese occupation. Those that escaped destruction from bombing and shelling and from demolition, I understood, were more or less intact; and with essential repairs and replacements of parts they would be fit to function again. But, even as regards Burma's rice-mills, one must strike a note of caution that it will be some years before they can be made to work on their pre-war level of efficiency. Four years of neglect to machinery can be as ruinous as total destruction. Burma, too, will need replacements of oil refinery plant, drilling equipment, mining machinery etc. In this field of reconstruction private enterprise will be able to find the finance and skill necessary for the job, but it will need Government co-operation in securing priorities and transport.

War damage and destruction to urban housing property, electric, water-supply and sewage systems have also been on a disastrously large scale. Mandalay, Myitkyina, Bhamo, Meiktila, Tamu, indeed all the towns of Burma that I had been to in war-time, with the single great exception of Rangoon, had either been completely levelled to the ground or were so badly damaged as to require rebuilding on a very considerable scale. Burma, of course, will not present any acute housing problem as it will be easy to erect fairly stable temporary houses with teak, bamboo and mattings of coconut leaves. Much of the material for building brick-and-mortar houses is available in the country. Only money and skilled labour are necessary to tackle this particular reconstruction job.

#### NEED FOR CIVIL ADMINISTRATION

More than the material damage suffered by Burma, the moral and physical damage to the people of the country are already creating problems which will need long and sympathetic treatment if the people are to take their place as healthy members of a civilized society. The instinctive respect for law and order that a well-governed citizen has is nearly gone. The Japanese soldiery, together with their Kempeitai (the Japanese secret police), robbed the people with or without the pretence of legality, assaulted civilians on the slightest provocation and tortured suspects without previous inquiry. They flooded the country with perennial streams of Japanese occupation-currency and destroyed the confidence of the people in the stability of money as a valuable medium of exchange. They occupied school and hospital buildings, neglected public education and health and starved the people of knowledge and medicine. By largely denying means of transport for civilians, they further bound

the people to areas in which they lived and prevented them from organizing themselves for mutual betterment. Further, the more or less complete absence of policing throughout Burma, except in areas through which the Japanese military lines of communications lay, had encouraged the unruly elements in Burmese society to take to a life of dacoity and brigandage with the use of modern lethal weapons, large quantities of which were abandoned by the Allies during their retreat in 1942.

The British Military Administration which now controls almost the whole of Burma west of the Sittang river is now facing the tremendous job of rehabilitating the country and the people, at least to such an extent as to secure Burma as a base for further operations against the Japanese in South-East Asia. By its very nature the Military Administration has neither the means nor the manpower to tackle more than to a strictly limited extent the several problems I have outlined in this article. It has no constitutional channels of contact with the people and it cannot burden itself with policies that may involve long-term commitments. To a certain degree, it has inspired in the people the confidence that the Japanese will not hereafter be able to invade Burma. It has also begun to move vitally needed supplies of drugs, food and clothing to areas in which they are in short supply. It has begun to police increasingly large areas. But in one thing, it has failed so far, namely, in the equitable liquidation of Japanese currency. The B. M. A. by refusing to recognize as legal tender Japanese currency has caused much confusion among the people with the result that those whose sole wealth consisted of Japanese money are now finding themselves paupers. Shrewd and unscrupulous urban merchants have been going into the countryside with cart-loads of Japanese currency and unloading them on the rural population in exchange for produce. And sooner or later when the peasant finds that he cannot trade his Japanese money for other goods and services he needs, there is going to be some trouble in Burma. Any military administration however sympathetic and efficient cannot administer more than palliatives to a long-suffering people; and the earlier the civil Government can take over the better will it be for the Burmese peoples who then, with the combined effort of their own leaders, can work out schemes of reconstructing their devastated land and industry and of rehabilitating themselves once more as a happy and prosperous nation.

## EGYPTIAN POLITICS

*By ABDUR RAHMAN SIDDIQI*

As a *Yilayet* of the old Osmanli Empire, Egypt did not attract the attention of the rising commercial nations of western Europe; but with the cutting of the canal by Ferdinand de Lesseps, which separated Africa from Asia and shortened the sea route from Europe to the Far East and South-East Pacific, the land of the Nile attained a position internationally which it had seldom attained under its many ancient and archaic dynasties or even as part of the Greek and, later on, Roman Empires. De Lesseps being a Frenchman, his

country naturally claimed the first position in the administration and management of the Canal and, as ancillary to it, in securing a directive hold on the policies of the Khedivial Government established in Egypt, after the revolt of the Albanian Mehmed Ali Pasha and his son Ibrahim. England, with its empire in the making in India and further on its colonies in Australia and New Zealand, could not sit with folded hands and permit France to establish itself astride the little waterway between two continents and the principal gateway to the hegemony of the Near, the Middle and the Far East. Benjamin Disraeli's clever manipulation in purchasing the shares the Khedive held in the Suez Canal Company, and through that transaction securing the controlling interest into the hands of Great Britain, upset the applecart of France. After a period of sordid and disreputable intrigue, peculiar to colonialism and imperialism, the leaders of the Republic realized that the game was up in Egypt. It, therefore, agreed to give Great Britain a free hand in Egypt if England kept its hands off Morocco and the French empire to be in northern and western Africa across Senegal and Gambia right up to the Niger. Having secured the freedom to act unhindered, England planted Lord Cromer, ostensibly to safeguard the interests of the creditors of the Khedivial Debts but in reality to rule the country as almost a dictator. The flag of the Turkish Sultan still flew over Egypt and his coin was the coin of the realm but the Sultan's authority and suzerainty had been so cleverly undermined that during the war in Tripoli, between Italy and Turkey in 1911 and 1912, Great Britain, with a view to detach Italy from the Triple Entente and make the brigandage easy for it, insisted that Egypt remain neutral so that the passage of Turkish troops and material through that country to Libya and Cyrenaica may be hindered effectively. The next development along that line was the establishment of a British Protectorate over Egypt, during the war of 1914-18 when Turkey joined the Central European Powers in it and the final stage was reached with the creation of an Egyptian Kingdom under Husain, descendant of an adopted son of the first Khedive Mehmed Ali.

Parallel with the ascendancy of the British in Egypt, was the growth of an Islamic movement which, in spite of obstruction and ruthless suppression by the occupying Power through the Khedivial rulers and the co-operation of the Coptic Church and its followers, spread over the country and has continued till our own day. Araby Pasha's revolt was the first sign of Muslim resentment at the replacement of national influences over the administration by British influences. The Pasha spent a good few years as a state prisoner in Ceylon. Then appeared, on the Egyptian political firmament, a star of the first magnitude in the shape of the great Saiyid Jamaluddin al-Husaini al-Afghani, the pioneer of Islamic resurgence after the general destruction of Muslim States in the nineteenth century. The fiery Saiyid called upon Muslims to unite and protect themselves against the all-enveloping tide of British, French and Russian imperialism. He was able to create a set of brave and devoted disciples who preached his gospel with zeal and undaunted courage to the generations that followed. Mufti Muhammad Abdou, Mustafa Pasha Kamil, Shaikh Abdul Aziz Shaweesh, Farid Bey, to men-

tion a few among many, carried on the good fight from decade to decade until their mantle fell on the shoulders of Sa'ad Pasha Zaghloul, who led the Wafd-delegation to London, in 1922, to discuss the question of Egyptian independence and to embody it in an Anglo-Egyptian Treaty of Friendship. Accustomed as they are to methods of repression and suppression, it will be out of place here to tell Indian readers how these leaders suffered for the cause except that some had to flee the terror and others had to spend years at Malta and in the Seychelles.

Sa'ad Pasha's visit to London proved abortive as Mr. Ramsay MacDonald, the Labour Prime Minister of Great Britain, proved more adamant and imperialistic in his attitude than Salisbury, Lansdowne or Curzon would have proved. The colleagues of Zaghloul Pasha, however, had captured the heart of the country, both Christian and Muslim, which was seething with discontent. The demand for independence grew apace. Mustafa Pasha Nahhas, who had succeeded Sa'ad Pasha Zaghloul, as leader of the Wafd Party and Prime Minister, restarted negotiations and signed the fateful Anglo-Egyptian Treaty in London, in 1936. It was given a mixed reception by the people including a considerable section of the Wafdist but Mustafa Pasha Nahhas was able to secure its ratification in the Egyptian Parliament through the huge majority of his party. The Treaty acknowledged the independence of Egypt but left the questions of the Suez Canal and the Condominium over the Soudan undecided. It retained the British Army of Occupation in the country until Egypt had built, at an enormous cost, barracks and bungalows, roads and railways, a series of garden cities, in what it called the Canal Zone, and carried water to it through waterways and pipelines across the desert between the Nile and the Canal and electricity for lighting and fans and other amenities to make life comfortable for the Occupation forces, who would have been transferred to it from the Qasr el-Nil barracks and Salahuddin's Citadel on the Muqattam Hill, in Cairo, hardly a hundred miles from the Canal. The high contracting parties also agreed to place their territories and means of communication by land, sea and air at the disposal of each other in case of attack by a third party. That this stipulation was exclusively one-sided is obvious from the fact that neutral Egypt became the largest military base in the present war. So long as the Suez Canal exists so long will exist the agony of Egypt.

The Residency of old, which has now been metamorphosed into the British Embassy, has not only retained all its ancient characteristics but, on the contrary, taking advantage of the presence in large numbers of British forces, has added to its strength and dominates the Polity and Economy of the country as never before. The King, his Ministers, and the two Houses of Parliament dare not go against the wishes of His Excellency the British Ambassador. Cabinets come and go as he desires and Prime Ministers hold office at the will and pleasure of this dignitary. When dissatisfied with Ali Mahir Pasha, the Ambassador ordered the Royal Palace to be surrounded by tanks, one of which, on the refusal of the sentry on guard for admittance, crashed against the main gateway, dashed under the portico

and deposited its load of the Ambassador, the General and several high military officers, in the main hall. The officer on duty, as the guardian of the King's person at night, also refused admission to the uninvited guests. Had King Farouk, who had heard the noise, not entered the hall at the nick of time some good lives would have been lost. A paper was presented to the King for signature purporting to appoint Mustafa Pasha Nahhas as Premier. When he had served the purpose of the Embassy, Nahhas Pasha received his dismissal equally unceremoniously while he was away in Alexandria, preparing the Protocol of the Arab League. Ahmad Pasha Mahir, who was assassinated in the Parliament House, in January last, was shoved into his place so that Egypt may renounce its attitude of neutrality and declare war against Germany and Japan.

#### SOCIAL AND ECONOMIC CONDITIONS

Geographically, Egypt occupies the central position in the Arab world, with Iraq at one extremity and Morocco at the other. Father Nile has showered his bounties upon it in plenty. Financially, it is the richest Arab country today. That ancient seat of learning, the Azhar University, has spread knowledge of the Arabic language not in Egypt alone but throughout the world where Muslims live. The Fuad University, a modern institution built on the lines of European Universities, has filled up the gap left unfilled by the more or less theological teachings of the Azhar. The Egyptian Press is the most powerful Press in Arab countries and is read with avidity from the shores of the Atlantic to the banks of the Shatt al-Arab, in Hadhramaut, Yemen and even in Zanzibar. Cairo takes the palm over the other cities in all the Arab countries put together in the publication of books and periodical literature.

Cotton is the pivot round which the whole economy of Egypt turns. It is produced by about 300 Pashas and landlords, who have enriched themselves enormously at the expense of the *Fallah*—the peasant—who is living in conditions of extreme and grinding poverty. Under the timeworn policy of Great Britain to crush local industries so that British manufacturers may hold undisturbed possession of the markets in its dependencies, protectorates and spheres of influence, no cotton spinning and weaving mills were allowed to be erected in the country for decades until the establishment of the monarchy. There is now a magnificent one at Mahallat al-Kabir, employing several thousand workers. The founder of this mill, the late Tala'at Pasha Harb, also founded the Banque Misr, a flourishing institution, a shipping company, which plies its boats in the Red Sea, between Alexandria and Istanbul and, until the war stopped it, Egyptians went in their own national boats to Marseilles also. Oil has been found to the south of Port Tewfik, the Red Sea entrance to the Suez Canal, on the Egyptian coast of the Sea and a refinery has been set up by foreigners at that port. There are also three Insurance Companies in two of which the controlling interests are held by London and in the third by Paris. An interesting aspect of the policy, still followed by the *Higher contracting party*, in matters industrial and

commercial in Egypt, was revealed to me by a high Egyptian official. The raising of the Assouan Dam, on the Nile, has made it possible to generate electrical energy to cover the whole country and every village in it, to run all the railways in it and to run all the existing industries and many more non-existent ones at present. There are large superficial deposits of iron ore within easy distance of the Nile, near the dam which could be smelted by the power so generated. It was reported to me by the dignitary that the Embassy would not hear of such a project as it would interfere with the sale of Welsh coal to Egypt which went into hundreds of thousands of pounds if not several millions. Handicapped, thus, on all sides, it is no wonder that the educated middle class youth turns, as we do in India, to the remaining two professions: the Bar and Government Service. These two, however, cannot absorb the entire talent of the country; hence there is discontent on a fairly widespread scale.

Under the Treaty, Great Britain has constituted itself the advocate of the subjects of the European Christian Powers who held and exercised extra-territorial rights in all parts of the Turkish Empire including Egypt under the *Tanzimat*, that is rights bestowed by the Sultan on his non-Muslim subjects under the Millat System and also on non-Muslim foreigners entering Turkey as businessmen, missionaries or private individuals. With the decline of Turkish supremacy and power these *Tanzimat* became those dreadful engines of mischief and intrigue, called Capitulations. Turkey abolished them after the Anatolian War of 1918-1923, at the Lausanne Peace Conference, but Egypt, although separated and detached from the Sultan's dominions, has to suffer them till to-day in the shape of the Mixed Courts and the vicarious liability for protection assumed by Great Britain under the Treaty. The Capitulations created a privileged class in the country composed of every Christian nation in Europe but especially of thousands of Italian and Greek bourgeoisie, who have established a monopoly over all retail and shopkeepers' trade as well as Export and Import business, in Alexandria and Cairo, pushing out the local inhabitants almost completely.

Politically under duress and economically suppressed, the Egyptians are unable to exercise or enjoy the rights of a free people. It is no wonder therefore, that every section of its population is keen and anxious to get rid of the incubus holding up their progress nationally and internationally.

#### POLITICAL PARTIES

The important political party in the country, before the emergence of the Wafdist, was the Hizb ul-Watani—the National Party of Mustafa Pasha Kamil, Farid Bey, and Shaikh Abdul Aziz Shaweesh. It went into the umbrage after the assassination of Boutrous Pasha Ghali, the Coptic Premier and its leaders had to seek safety in foreign lands. It exists even to-day but has to take its seat, so to say, on the back benches. It has been an interesting aspect of politics in Egypt that whenever the nationalist group attained ascendancy, the dictators of Egypt recommended a policy of repression and brought forth men who held views favourable to the Occupation. They were invariably called Liberals as against their opponents who were designated Agitators.

This seesaw had become so normal to the politics of the country that even Nahhas Pasha, successor of Zaghloul and the man who had signed the Anglo-Egyptian Treaty, was removed forcibly and, as late as 1938, beaten mercilessly in a public thoroughfare of Cairo, when Muhammad Pasha Mahmoud, the Liberal Oxford-educated Prime Minister, was in office.

#### TWO TRENDS

This short *r  sum  * will remain incomplete unless notice is taken of two new tendencies in Egyptian affairs. The Khedives—Viceroy of the Turkish Sultan could not assume royal prerogatives and, therefore, the average citizen considered himself to be a member of the Turkish State and a subject of the Sultan. The establishment of sovereignty in an Egypt, detached from the Ottoman Empire under a British Protectorate which has now transformed itself into a powerful supervisory and controlling force, has created an institution in the country which has come into clash with the chosen representatives of the people more than once. The Palace *versus* the Cabinet and Parliament, is a deterrent to national progress for it gives the British Embassy the opportunity to fish in troubled waters. As servants of the King, constitutionally the Ministers must hold office at his pleasure, but when interference from external sources creates a divergence of views between the Crown and the Cabinet, the question as to which side the Army of Occupation will take in the controversy does lead to weaken the position of the Parliament. The Palace has realized its power and seldom hesitates to take the fullest advantage out of it. Cairo, a city known for its agitators, the revolutionary tendencies of its Press and the activity shown by its student community to be counted in tens of thousands, has veered round to the Palace and forgotten Mufti Abdou, Mustafa Kamil and Shaikh Shaweesh. Photographs, framed with a royal crown at the top, are presented by the Chamberlain's department to every shop and every office, to be hung in the most prominent place, sometimes two and even three in one room or shop. Schools, Colleges, Universities, Streets, Roads and Avenues bear royal names, both male and female. The impression left on the mind of the public is that the monarch is really the absolute monarch of all he surveys and the theory that sovereignty resides in the King and Parliament is a mere constitutional fiction. This state of affairs has found its way into religious matters also. The King goes by turns to different mosques in the city to offer his Friday prayers. Against all rules of Islamic practice and tradition, the mosque he chooses for a particular Friday is locked up from sunset on the previous Thursday. Admission to the midday prayer the next day is by ticket. There is a rush for these as it used to be for Government House invitations to garden parties and *soirees* in our own country a generation ago. The *Ulama* of the Azhar have not been unmindful of this trend of events. A couple of years before the War, their head started the move to have the present King Faud I, commonly described as the Malik us-Salih—the pious King—in pamphlets and placards, declared the Khalifa of Islam. Great Britain was not indifferent to the move and a high Muslim Indian, in the good books of Whitehall, was sent to Cairo to discuss the possibilities of its success with the Shaikh ul-Azhar.

The fear of the Lion of Arabia and the wrath of Muslim public all the world over quashed the rather well-laid scheme. A change over from the People to the Palace is a retrograde move which will not help raise the living standard of the poorer section of the population. The supremacy of the Palace encourages the power of the Pashas to the detriment of *Fallah*. It is an irony of fate that the freedom loving Arab has moved so far from his ideal of equality among men and the teachings of his faith, that he has made a fettish of monarchy. The Arab League, formed in the early part of this year, is a League of Kings and their obedient Ministers. Malik Farouq of Egypt, Malik Abdul Aziz of Hijaz and Najd, Malik Yahya of Yemen, Malik Faisal of Iraq, the Ameer Abdullah of Transjordania and their Ministers are its sponsors to the entire exclusion of their people. Syria and Lebanon being republics could not produce Kings; so their Presidents did duty for them. Palestine alone sent a representative chosen by its six Arab political parties. The League undoubtedly is a League of Arab States, and Kings and Presidents must act in their name but not to the total exclusion of the people. It would appear as if there are no leaders outside the groups composed of their Excellencies the Ministers. The future alone will prove if the swing in favour of the People will come within a measurable distance of time.

Palace influences have broken the Wafd into two: the original Wafdist and those who seceded from it and formed themselves into the Sa'adists. Ahmad Pasha Mahir, Mahmoud Fahmy Pasha Nuqrashi and the Coptic leader Makram Pasha Ebaid were the leaders of the revolt against Mustafa Pasha Nahhas. Feeling between the two groups runs high. The Sa'adists have made their peace with the Palace and are holding office today. The Wafd, however, is strong in the country and it is not improbable that if free elections are allowed, it will come back with a thumping majority. That will again mean a revival of the feud between the Palace and the Wafdist, for Nahhas Pasha is the *Bete Noir* of the King. The line of progress in the future would appear to be indicated by a transference of power from the Palace to the People, for whatever form the State may assume sovereignty must reside in the People.

Having disposed of the political parties, a glance at the embryonic organizations which claim to speak for the labouring and working classes will be useful and instructive. They have yet to find leaders who will fight their cause against the few employers and the many Pashas. Until the country is better industrialized and the land laws have been so altered as to break up the feudalistic large holdings it is problematic whether the economic status of the workers and peasants will improve.

While the poorer sections of the population have yet to wait for their redemption, Egyptian leaders have not neglected the youth of the country. Magnificently located, the Jama'iyat-i Shubban ul-Muslimeen—Muslim Young Men's Association—is a living organization and dynamic in its progressive propensities. The hope may safely be entertained that out of its large membership from amongst the youthful intelligentsia will rise the men who will put Egypt right.

Possessing a King, a bicameral Parliament, diplomatic and consular representatives all over the globe, Egypt has all the elements of a free and go-ahead country. The old theory that possessing no natural frontiers at which the defence of the country could be put up and, therefore, Egypt could exist only as an appanage of a larger and powerful State, as history proves it, does not hold water in the age of aerial warfare. Money and science are more impregnable frontiers than mountains and rivers or seas. Father Nile, the Suez Canal, ports on the Mediterranean and the Red Sea are advantages which cannot be left out of account. The mineral wealth surveyed and still to be surveyed is reported to be great. Given correct leadership, the prospect for the intelligent, hard-working and law-abiding people as Egypt has, can in no circumstances be prognosticated as gloomy.

#### THE FUTURE

The first and foremost among the main items on the programme for the future is the attainment of independence by terminating the special privileges Great Britain still retains. The existing Treaty must be replaced by another on a basis of equality and reciprocity not with Great Britain alone but with all. The Capitulations and Mixed Courts will disappear when freedom comes.

The project of the new canal from Gazza to Aqaba on the other side of the triangle of the Sinai Peninsula may reduce the importance of the Suez Canal as the only international highway between western Europe and the Mediterranean and the East. Travel by air is bound to increase considerably in the future and ships are likely to become more or less beasts of burden. If this is a correct estimate then the second item on the programme to bring the Canal under Egyptian State ownership becomes not only feasible but fully realizable.

Soudan was conquered more by Egyptian and Turkish soldiers than by Gordons and Kitchens. That is why Great Britain, juridically, has not been able to shake off the Condominium although, as in Egypt so in Soudan, Britain holds the dominant position. Nahhas Pasha raised the question during his last premiership and lost his job over his indiscretion. Geographically the two territories are conterminous. The population of both is, if not entirely then predominantly, Muslim, and what is most important is that Soudan is anxious and keen on becoming part of Egypt. It should be possible for Egypt to buy up the interest of the Soudan Cotton Syndicate, a purely British concern, and thus eliminate the only obstruction in the way of the union. Politically and economically too a union is essential. Should Egypt take up a really independent attitude and the relations between Great Britain and Egypt become antagonistic, Great Britain, with its grip on the jugular vein of Egypt by holding possession of the Blue Nile and the White Nile, can divert their waters and make a desert of the valley of the Nile from one end to the other. That such a catastrophe may never occur can be safely presumed but its possibility cannot and should not be ruled out.

The war has brought to an end the Italian dream of an African Empire. For the period of its duration the King of England has taken possession of the territory between the Egyptian boundary on the east and Tunisia on the west. The three major sections of it are Libya, Cyrenaica and Tripolitania with

the Sennousi oases deep into the Sahara. It has been reported on fairly reliable authority that it is the intention of the Big Three to hand over the area adjacent to Egypt to Great Britain and the remainder back to an Italy bereft of Fascism and ready to act under the orders of its deliverers. Egypt will protest against any such arrangement. If the country goes back to its Arab inhabitants under a National Council of their own, Egypt will be relieved of a new danger.

Arab countries have acknowledged the leadership of Egypt in the League they have formed. Given time and statesmanship its first position among them should continue for long. The two opposing currents of nationalism of the European variety and Islamic internationalism are running counter to one another to-day. Which one will submerge the other has yet to be seen but it may be predicted that Arabism as it now prevails must in time shed off its linguistic affinities and parochialism and widen itself into the broader river of fraternity and friendship.

It is doubtful if the scheme of making the King of Egypt the Khalifa of Islam will ever go beyond the stage of an indirect diplomatic *démarche* to force Sultan Abdul Aziz Ibn Saoud not to be recalcitrant whenever British interests in the Red Sea Zone need his support or acquiescence. I do not think that either the Palace or the People will be prepared to go to war for the conquest of the twin holy cities of Mecca and Medina, which have come to be recognized as the indispensable adjuncts of Khilafat. Under the latest interpretation given to the word 'Khilafat' by the present Shaikh ul-Azhar, the Shaikh Mustafa al-Maraghi, a Khalifa is one who possesses the power to issue an order and to see that it is obeyed and, consequently, the territory of the Khilafat is that over which he holds sway. There can, thus, be a dozen Khalifas in the world which, according to the accepted theory, is absurd. Then Egyptian Khilafat will, at best, if the Azhar *Ulama* have their way, coincide with the boundaries of the Egyptian State.

It is again doubtful if Egypt, because of its wealth, its universities, its Press and its larger population, will try to establish its hegemony over the other Arab States through its leading position in the Arab League. The dwellers in the cities and, more than that, the bedouins in the desert, despite the many changes in the governments under which they have lived, have retained their ideas of tribal freedom. These have gained strength after the break-up of the Ottoman Empire. It is a fact that a Najdi is ruling over the Hijaz and a Hizjazi over Iraq. This is so because of foreign influences working behind the scenes. It has, however, to be accepted that any attempt to control that spirit of freedom, except by superior military power, will fail.

Astride two continents, a link between the East and the West, possessing the elements of Pharaonic, Greek, Roman and Islamic civilizations, meeting place of the world through the Canal and transoceanic and transcontinental airways, the Land of the Nile bids fair to stand shoulder to shoulder with any other country in the world of tomorrow and make a substantial contribution to the establishment of a New Order different from but superior to any likely to be created by the warring nations of the West.

# INTERNATIONAL CONTROL OF FOREIGN INVESTMENT IN EASTERN ASIA

*By B. N. GANGULI*

*Continued from Vol. I, No. 2, p. 163*

An attempt will now be made to forecast the practicable methods of foreign investment in eastern Asia, which must be operative within the framework of international regulation and control. It is not unreasonable to anticipate that after the war international lending will be associated with international organizations set up for the planned development of some of the backward areas of this region. Recently the London *Economist* discussed the potentialities of an organization of the type of the Middle East Supply Centre which has been engaged in the planning of war economy in the Middle East. This organization, which has been a joint Anglo-American venture since 1942, is chiefly responsible for regulating the flow of supplies into this area. Men working in it are chiefly technicians and scientists. The Centre has planned various agricultural projects and improvements and has many achievements to its credit. It has been responsible for afforestation, for successful experiments in the growing of seed potatoes and introduction of early-growing Palestinian wheat into Iraq and Iran, for provision of agricultural machinery, for three new schemes of irrigation which are being operated in Persia, and for locust control. The Centre has already raised the standard of public health through its health services. It has created new industries and assisted transport services. The Centre has become a pool for all kinds of economic, social and technical services, and has been solving problems which concern many States. After the war, planning could easily cover schemes of capital development. Roads, irrigation schemes, artesian wells, industrial development, all crossing and re-crossing national frontiers, could be planned by this Centre, and these could give an economic unity to the Middle East which it has so far lacked. The *Economist* believes that a Centre of this sort, adapted with necessary modifications to local conditions, can effectively serve the economically backward regions of the world. 'That such a development would serve the cause of interdependence cannot be doubted. American participation is already a guarantee of its international character. Russian support would strengthen it still more'.

There is no doubt that in the countries of south-east Asia expansionist economic planning will cut across national frontiers enclosing interdependent economies. (The scope for inter-regional trade in south-east Asia has been circumscribed by the fact that the various economies in this part of Asia have so far been similar in character. But with the gradual diversification of production based on industrialization, the degree of interdependence will increase and the limits of mutually advantageous inter-regional trade will expand. Many of the countries in south-east Asia cannot readily grow cotton

or wool for their expanding textile industry. Similarly the development of iron and steel industry in China will depend upon iron ore of south-east Asia. The minerals of Indo-China will not only favour the growth of manufacturing industry there, but will also supplement industrial development further north in China. China will need oil, rubber and other products of south Asia. And, above all, while these countries develop their industries, many of them may depend more upon rice imports from their neighbours if they are already deficit areas, or their exportable surplus of rice may be reduced. The restoration of plantation agriculture geared to foreign demand and its planned development after the war in India, Malaya, Ceylon and the Netherlands Indies would have the same effect of increasing the rice-import deficits of these countries, specially under the stimulus of rising prices of rice. But co-ordination of economic development in the rice and plantation economies of eastern Asia is more urgent than is usually imagined. Ensuring a sufficient supply of rice for the deficit countries while raising the purchasing power of rice; making China self-sufficient in respect of rice and preventing her from depending upon the rice surplus of south-east Asia; maintaining and extending the acreage under rice by combating malaria in low-lying regions; maintaining a stable basis of concurrent industrial development in the countries of south-east Asia on the basis of economic interdependence and to the exclusion of economic nationalism; maintaining a proper allocation of resources between plantation agriculture and raising of food crops, and between agriculture and manufacturing industry—these are problems which can only be tackled by an international organization which can study them at the expert level. To remove the solution of these problems beyond the pale of politics it would be clearly necessary to entrust the task to an International Development Commission which will work in close co-operation with the representatives of the various national governments concerned. As already explained, such a task is beyond the competence of private investment, because it will lack a comprehensive outlook and run the risk of unwise investment if it is not scared by the dislocation of currency, exchange and public finance in most of the countries of eastern Asia. Many of the most productive undertakings in eastern Asia requiring foreign capital may not earn a return in the narrow market sense, since their benefits may be spread widely through communities. In fact the governments of the various countries concerned will have to share the burden of the investment in their collective capacity. Similarly the developmental object of foreign investment cannot be achieved by the Economic Branch of the world security organization raising money from the public in creditor countries and passing it on to receiving institutions in debtor countries who would deposit with the Branch collateral consisting of the securities of their own governments or any others that were acceptable, as the authors of the Liberal Plan For Peace have suggested. Such a plan may be, according to the Liberal Party of Britain, 'Lending Without Meddling,' but it would not meet the needs of economic development in eastern Asia.<sup>5</sup>

It is quite evident that until the system of multilateral trade is restored, multilateral clearing of loans will not be a practicable proposition. The reason

why the latter system broke down after the last war was that a foreign loan which involved an exchange of the lending country's currency into the currency of the borrowing country imposed a strain on the lending country's balance of payments. Since the borrowing country spent the proceeds of the loan in other countries, the lending country needed to expand its receipts from exports or to contract its payments for imports in order to offset its capital payment to the borrowing country. In a world in which there were barriers to exports to other markets such adjustments were difficult. Hence many countries banned or discouraged foreign lending either directly or through the mechanism of exchange control. After the war in the absence of multilateral trade and the mechanism of multilateral international payments, multilateral utilization of the proceeds of American loans, or, for the matter of that, of loans of any other lending country, by the debtor countries will not be possible. Mr. Harry Hopkins has said (in the same context in which he was quoted above): "We should not again make the mistake of the twenties when we made loans to foreign governments which spent money in their own countries instead of in the United States." Such a method of investment implies governmental control of investment in the interests of the lending countries. But this method is inevitable if only because investment may be based on Lease-Lend arrangements. The countries of eastern Asia can have no objection to such a method since what they require is capital goods, processes and patent rights and technical guidance from foreign countries. Moreover, such a system of investment will tend to bring creditor and debtor together not on the basis of an intangible and impersonal loan transaction but on the basis of actual goods and services exchanged in economic collaboration in a common cause.

But there is another method of foreign investment, viz., direct investment by corporations the regulation of which by international action is not only crucial but will also tax the utmost ingenuity and courage of the United Nations. Referring to this method of international finance Condliffe says:<sup>6</sup> "There is abundant evidence that the floating of new securities representing shares in foreign enterprises has in recent years been steadily replaced by methods of "self-financing" or the "placing" of shares." The reserve funds of industrial companies constituting profits withheld from distribution as dividends have been devoted to direct investment in foreign enterprises. Thus throughout the period of the Great Depression of the thirties capital movements were taking place in the form of such direct investment, although few prospectuses of foreign issues were visible. There is evidence to show that millions of dollars were invested by British and American industries in Latin America in new enterprises. Direct investment has taken many forms, 'such as, for example, the purchase of shares in a foreign enterprise by a great corporation wishing to enter the foreign market, the establishment of branch factories, or the floatation of new enterprises in which the parent corporation retained a minority or majority interest. Nearly always the right to use patented processes or devices was part of the arrangement.'<sup>7</sup> Sufficient evidence has accumulated to prove that joint ownership of subsidiaries in undeveloped countries together with a patents and processes agreement, in which two or more enter-

prises allocate national markets and control the terms of sale by a network of contracts governing the licence of patent rights which these enterprises have obtained under the patent laws of the various countries, have become recognized methods of operation of international cartels. President Roosevelt has already defined the objective of breaking up international cartels. Their ramifications have become so vast and intricate and the vested interests are so considerable that the problem of breaking them up will be formidable indeed and the process of their liquidation under favourable conditions will take time. Meanwhile direct investment controlled by cartels will remain a menace to the development of indigenous enterprise and will become an instrument of economic exploitation in the undeveloped countries of eastern Asia, unless this kind of investment is either suppressed, or otherwise at least properly restricted by international action. The forces against which an international authority will have to contend against are formidable, but the war against fascism will have been won in vain if the world's progress towards freedom from want is held up by international cartels. Cartels are the product of the restrictionist mentality of the last generation and have no place in a world which is to be rebuilt on the basis of the expansionist principle of full employment. There is another danger of unregulated direct investment. Such investment in undeveloped countries of the Far East, whose bargaining power is weak, will easily lead to the growth of so-called complementary economies which would not be a means of extending international trade, but, as in the case of Nazi Germany, a method of binding satellite countries as agrarian dependencies to the economic power of dominant industrial countries.

An important issue which arises in connexion with the international control of foreign investment in eastern Asia is the question of limitation of tariff autonomy as a condition precedent to the grant of foreign loans to undeveloped countries. The authors of the British *Liberal Plan For Peace*, while recognizing the principle of 'lending without meddling' and of free enterprise in foreign investment, have proposed interference in the production and trade of 'backward nations,' only where they 'require technological assistance in development projects.' The kind of 'interference' which they propose appears to be very different from economic collaboration which has been envisaged in this paper. According to them only when the Economic Branch of the world security organization is asked to provide technical assistance to backward nations 'is it right and proper for it to veto projects that would create redundant capacity.'<sup>8</sup> To talk in terms of redundant capacity in relation to a part of the world, in which the slowly rising trend of demand was sufficient to absorb even the largest industrial capacity which may be built up, betrays the restrictionist mentality of a bygone age. It is no doubt necessary to guard against economic autarky. But the method proposed to avoid this menace by the authors of this plan is bound to cause misgivings in oriental countries. They suggest that 'free trade (or a low tariff) would ensure that autarkic projects were unprofitable; thus capital in the countries subscribing to the code (of free trade) would not flow into them.' Protection of a developmental character, as part of a comprehensive plan of economic development, is indispensable for

undeveloped countries of eastern Asia. There is a danger that this kind of protection may be interpreted as designed to create 'redundant capacity' and economic autarky, and foreign investment in these countries banned in consequence. The argument presented in this paper is intended to show that in the interests of peace in a part of the globe in which half of the population of the world lives on a sub-human level of existence, the richer and more advanced nations of the world must define their attitude to foreign investment in this region in a different manner.

#### A DISCUSSION FOLLOWED

Clarification was sought on two technical points arising out of Dr. Ganguli's observations: (i) It was admitted that there would be natural reluctance on the part of foreign investors to sink their capital in countries in which the system of currency and public finance had been disorganized due to the exigencies of war finance. But once exchange stability was achieved through currency devaluation, foreign lending could be resumed without difficulty. (ii) The validity of Mr. Harry Hopkins' statement quoted by Dr. Ganguli, viz., that 'we should not make the mistake of the twenties when we made loans to foreign governments which spent money in their own countries instead of in the United States' was doubted.

Dr. Ganguli pointed out that the countries of eastern Asia, left to themselves, would resist drastic devaluation of their currencies and the grinding process of deflationary contraction. In any case it might take five or six years after the war for their currencies to be stabilized and for their internal prices to be brought into parity with external prices. 'Their need for foreign capital is so urgent that it would be impossible for them to wait till their economies attain equilibrium.' Dr. Ganguli also said that Mr. Hopkins' view represented an important cross-section of American opinion.

Dr. Piplani observed that unless foreign investors were compensated for the loss of their pre-war investments due to enemy action they would be reluctant to lend. Dr. Ganguli suggested that this would be part of the programme of rehabilitation and would have to be tackled in a different way.

Discussion turned at this stage on concrete measures of control of foreign investment. Should the minimum and maximum rates of interest on foreign investments be fixed by statute? If so, how should they be fixed, and, on what basis? It was pointed out that the rate of interest should depend not upon unilateral action, but upon the decision of an international authority, or at least upon some kind of agreement between the creditor and the debtor countries.

It was suggested that the International Investment Board should consist also of financial experts from countries other than creditor countries, that local investors should be given priority, that domestic industries should be adequately protected, that a rate of interest should be fixed and guaranteed by the government of the debtor country, and that there should be effective regulation of foreign investment in the interests of the debtor country.

Dr. V. K. R. V. Rao observed that if an International Commission, as suggested by Dr. Ganguli, were set up and if it worked on an expert level, the question of safeguards would not arise. But the uncontrolled flow of foreign capital would certainly be a menace. Dr. Ganguli observed that private lending had been tried and found wanting, and at any rate foreign lending of a Lend-Lease character which he advocated ruled out private lending. Dr. Rao, however, felt that political difficulties had been rather underrated by Dr. Ganguli.

At this stage of the discussion attention was directed to the political aspects of the problem of foreign investment. It was argued that, so long as the economies of the countries of south-east Asia were inter-linked with those of the mother countries, investors in other countries would hesitate to invest their capital in these colonial dependencies, and, at the same time, international control, if any, would be weak and ineffective.

Dr. Ganguli said that he was conscious of this difficulty. He also felt that so long as the political destiny of the whole of the Far East was not satisfactorily settled, one could not talk of economic development in large terms. He presumed that some kind of political settlement on the basis of a substantial measure of autonomy would be reached after the war. As he had said in his paper, there was a danger of the backward economies of south-east Asia developing as economies complementary to those of the dominant metropolitan powers. This was fascism, and this war would have been fought in vain if such a state of things continued.

In the course of his concluding remarks Dr. V. K. R. V. Rao, who presided over the meeting, observed that even the most sympathetic governments, which countries of south-east Asia were expected to get after the war, would not be able to provide the necessary incentive to foreign investment unless they could themselves negotiate with creditor countries on more or less equal terms. A good deal will depend upon the position of foreign investors owning colonial industries and plantations after the war. Foreign investors will be reluctant to lend, since they want political stability, and, in the present circumstances independence of colonial peoples might impede the flow of foreign capital. Foreign Governments will take the view of experts, and so foreign investment on any significant scale is most unlikely. Unless foreign investors are philanthropic, which is not likely, private investment would be more desirable. Unless socialism triumphs all over the world, foreign investment by competing corporations is the only safeguard against the exploitation of colonial peoples. It is obvious from the deliberations of international conferences that international bodies tend to take the complexion of the constituent units. Moreover, foreign investors are not likely to lend capital in the form of capital goods, because this will undermine the economic position of the advanced industrial countries.<sup>5</sup>

<sup>5</sup> *The Liberal Plan For Peace*, Gollancz, 1944.

<sup>6</sup> *Condiffe-Reconstruction of World Trade*.

<sup>7</sup> *Ibid* pp. 342-343.

<sup>8</sup> *Liberal Plan For Peace* p. 52.

# POPULATION AND RAW MATERIALS

*By N. V. SOVANI*

THE problems of population and raw materials have occupied and are likely to occupy a crucial place in the regulation of international relationships.

Let us begin by reference to a familiar fact often cited in contemporary discussion, viz., the division of the world during the inter-war period between the so-called 'Haves and the Have-not nations'. The 'Haves' were the victorious nations in World War I who, it was alleged, shared among themselves the spoils of colonies. The chief of these were Great Britain and France. The 'Have-nots' were the dissatisfied countries who were either deprived of their colonies, etc., or were not given what was their due. These were, as they subsequently came to be called, the Axis Powers: Germany, Italy and Japan. These two groups of nations I shall conveniently refer to as the Colonial Powers and the Axis Powers.

## I. THE AXIS POWERS' DEMAND FOR COLONIES

During the latter part of the inter-war period, especially after the formation of the Berlin-Rome-Tokio Axis, the Axis Powers started intensifying their demand for colonies. The attention of the world was pointedly drawn to this question by the Japanese invasion and subsequent conquest of Manchuria in 1931 and the conquest of Abyssinia by Italy in 1935-36. The colonial claims of the Axis Powers rested partly on a psychological and partly on an economic basis. The Axis Powers averred that if their claims of colonial expansion were satisfactorily met, it would fulfil their chief needs, viz., increased prestige, strategic gain, and relief from economic plight. The economic aspects of their demands, however, were more prominently emphasized by the Axis Powers and some of them even went to the length of repudiating any intention of using the colonies for strategic purposes.<sup>1</sup> Their demand for colonies must, therefore, be examined chiefly in the economic context. The Axis Powers argued that colonial expansion would mitigate the two primary economic difficulties from which they were suffering: the lack of raw materials for their industries and of outlets for their growing population. It is on this background that the twin problems of population and raw materials assume their importance in the scheme of international relationships of the past and the future.

I shall, now, proceed to examine both these questions separately and in detail. But before going on, it is necessary to note the nature of the colonial demand of each of the Axis Powers; for though these were mainly based on the two grounds just mentioned, the emphasis and the form of demand were different in each case.

In demanding colonies the German spokesmen laid stress on the raw-material aspect as well as the psychological aspect. 'The colonial demand is comprised for us today in two words, bread and honour,' declared General

Von Epp, the Governor of Bavaria. The demand for colonies as outlets for the German population was also heard, though pitched at a lower key, and though the German economists always emphasized that the large emigration of Germans to other countries was a great economic loss and that through emigration the strength of the nation was oozing out.<sup>2</sup>

In Italy, on the other hand, the emphasis was on emigration. In the period before 1914, every year, roughly about 6 lakhs of Italians used to emigrate. After World War I, this safety-valve was closed by foreign immigration restrictions. The pressure of the growing population at home was therefore the main ground on which the Italians pitched their colonial demand. And to this was added the tale of broken promises of the Allies at the Peace Conference in 1918.

In Japan the main emphasis was on foreign and colonial markets. For the export trade was of vital importance to the industrial structure of Japan. In most of the foreign and colonial markets the door was closing on Japanese goods. The population problem was also growing acute. On the division of markets, freer trade and the emigration question, Japan felt that she would have to demand some 'readjustment of the distribution of natural resources.'

The Axis Powers thus based their demand for colonies on three main grounds: (1) Pressure of population; (2) Access to raw materials; and (3) Markets for goods. The last, the problem of markets, falls outside the scope of this paper. It is a vast subject and might very well form the subject for a separate article. Here, I shall confine myself to the first two.

#### THE PRESSURE OF POPULATION

The problem of population pressure is of such wide dimensions that only a brief sketch of it can be attempted here. To examine the claim of the Axis Powers in this particular regard, it is necessary to review the movement and the trend of population, in the world as a whole, from the beginning of the 19th century to the present day. This forms the necessary background for an analysis of the problem at issue.

The statistics of world population are only broad estimates. But they will serve the purpose on hand. In 1800 the population of the world, it is estimated, was 836 m. In 1929 it had increased to 1820 m., a net growth of about 1,000 m., during 130 years. This might be compared with the rate of growth during an earlier period 1650 and 1800 which is estimated at only 290 m., net. This growth was shared by the various continents as follows: 432 m. in Asia, 291 m. in Europe, 147 m. in North America, 68 m. in South America, 40 m. in Africa, 7 m. in Australia and Polynesia.<sup>3</sup>

#### INTERNATIONAL MIGRATIONS

It is obvious from these figures that the 19th century and the first three decades of the 20th century witnessed a phenomenal growth in population. A large part of this growth—that, for instance, in Europe, the Americas and Australia—can be described under the caption 'the expansion of the White race.' The main phenomenon in this expansion of the Whites is the growth of

population in Europe. The enormous emigration from Europe to the Americas and Australia is a part of this phenomenon. At a secondary level must be considered the 'forced' movement of the Blacks to the Americas and other continents. The growth in Asia, which accounts for the remaining part of the growth in world population, is mainly to be found in China and South-East Asia. Both these must be treated separately, though only a brief discussion of each is all that is possible here.

(i) *The Growth of population in Europe and emigration to the Americas and Australia and Polynesia:* 'From 1800 to 1930 the White population of Europe is supposed to have increased from 180 m. to 480 m. and the number of people of European stock in other continents is estimated to have risen to 160 m.'<sup>4</sup> This growth was mainly the result of an excess of births over deaths. Now this might result, as is obvious, either through an increase in the birth-rate or a decrease in the death-rate. The latter was chiefly instrumental in bringing about an enormous growth of population in Europe. The birth-rate in Europe remained practically steady upto 1870 and then began to decline. But the death-rate declined continuously since about the beginning of the 19th century. It was 30 per 1000 inhabitants in 1830 and came down to about 16 in 1930. There was a large decrease in infant mortality during the same period. The counterpart of the decline in the death-rate was an appreciable increase in the expectation of life. The mean expectation of life at birth in Europe at the end of the 18th century was about 30 years, by the end of the 19th century it had increased to 45 years, and in 1935 it was 60 years.

This period during which the increase in population occurred was characterized by two important developments which partly brought it about. These were the revolution in production technique, or what is commonly but ineptly termed as 'the Industrial Revolution,' and the development of the means of communication and transport. The radical improvement in the technique of production or industrialization led to a large increase in the efficiency of labour and thus made possible a higher standard of living for the general mass of people. The revolution in the means of transport opened up the tropical and other distant lands to the Europeans and made possible increased imports of food and raw materials at very low prices which could be paid for by the export of manufactured goods. During this period the standard of living of the population in the industrially advanced countries in Europe considerably rose and brought about an increase in their capacity to resist disease. This and the simultaneous advance in preventive and curative medicine were the main causes that underlay the decline of the death-rate. But the rising tide of industrial prosperity and the growing urbanization also affected the birth-rate and from 1870 onwards the birth-rate in Europe began to go down. This decline continues up to the present times. The decline in death-rate however kept a faster pace almost throughout the period and thus kept up the rate of growth. This correlation is now rapidly undergoing a change in the opposite direction but that lies beyond my present purpose.

Let me now proceed to sketch the movement of population in the leading European countries, like England, France and Germany, during this period.

In all these countries there was a rapid growth of population and there was so a growth in their territorial possessions or Empires. From 1850 to 1930 the population of England and Wales increased by about 130 per cent. The process of Empire building was being carried out during this period. The British Empire covered an area of 11.7 m. square miles in 1905, with 35m. inhabitants. It is interesting in this context to examine the flow of settlers to the territories within the Empire, particularly to Canada, Australia and New Zealand. From 1850 to 1920 the total net immigration into Canada was somewhere near 5m. and about one half of these were British. The total number of permanent European immigrants in Australia and New Zealand in 1936 was estimated at 2.8 m. Of the permanent European immigrants in Australia nearly 70 per cent were from the British Isles. Similar figures for New Zealand are not available but some indication of British migration might be had from the fact that in 1901 of the total Non-Maori population of 773,000, natives formed 70 per cent, 24 per cent had been born in Great Britain and Ireland, 4 per cent in Australia, and 2 per cent in other countries.

France had a population of 29 m. in 1815. In 1870 it had increased to about 33 m. From 1870 onwards, population in France was stationary and in 1921 was about 39 m. I shall not go into the causes of this remarkable development. Yet it should be noted that even this small growth is to be largely attributed to immigration. During this period, however, the French Empire increased apace and in 1905 it covered 3.9 m. square miles with 94 m. inhabitants.

In 1815 the total population of the area covered by Germany was 21 m. increased to about 40 m. in 1870 and in 1930 it had increased to about 65 m. Thus in the course of 115 years the population had more than trebled. From 1871 to 1926 about 32 lakhs of Germans emigrated overseas. About 31 lakhs of these went to North America, Brazil and Argentina, 19,000 to Africa, 23,000 to Australia and 3,000 to Asia. During the eighties of the last century Germany also acquired an overseas empire. In 1905 the total German Empire covered an area of about 1 m. square miles with a total population of about 6 m. Only 24,000 of these inhabitants were White.

The Italian population increased from about 30 m. in 1891 to about 41 m. in 1930. Between 1900 and 1913, the annual rate of Italian emigration was 27,000. Nearly 40 per cent of these remained in Europe while the rest went overseas chiefly to U. S. A., Argentina, Brazil and Uruguay. From 1924, however, immigration into Italy from U. S. A. exceeded emigration to U. S. A. Before the Abyssinian conquest Italy had an empire covering 2 m. square kilometers with 2.4 m. inhabitants.

We must now go on to sketch the process of the expansion of the White race overseas; for it is really an integral offshoot of the growth of population in Europe.

The outpouring of the White races is again a post-Industrial Revolution phenomenon. In fact, it was the revolution in the means of transport, the steamship for instance, that made these large-scale emigrations possible.

The bulk of the European emigrants went to the Americas. Dr. Kuczynski estimates that from 1820 to 1935 the total European immigrants to the Americas were 55 m. Many of these came back but a majority stayed. The number of those who stayed in the Americas permanently is estimated at 35 m. I have, at a previous stage, taken stock of European migration to Australia and New Zealand and I need not go into it again.

At a secondary level to this process of peopling of the Americas by the Whites is the equally significant process of the forced migration of the Blacks or Negroes to the Americas. The peopling of the Americas by the Blacks was largely a result of slave trade. Slave trade was a regular branch of Spanish commerce and the Spaniards were followed successively by the Portuguese, the Dutch, the French and the English. Though they were the last, the English soon took the lead. It has been estimated that during the 18th century 7m. Negroes were shipped to the Americas and over 4m. in the 19th century. There is reason to believe that many Negroes went to other continents. The abolition of the slavery laws in England put some restraints on this trade but the demand for Negroes was so great in Brazil and Cuba and the trade so lucrative that it continued to flourish nevertheless. After a time, however, this trade gradually declined. From 1850 onwards Brazil alone absorbed Negroes and from 1860 that demand also languished.

The discussion so far may be summed up by making two observations. First, the enormous growth of population in Europe followed in the wake of the revolutionary changes that took place in the technique of production and transport. It is in this sense a post-Industrial Revolution phenomenon. Second, along with the growth in population, the extent of European possessions overseas was also growing fast. These possessions, it should be noted, did not serve as outlets to the growing population in Europe to any large extent.

(ii) *The Growth of Population in Asia.* We now come to the consideration of the growth of population in Asia particularly in China, India and Japan. In the case of China statistics are almost completely lacking and for the most part we have to depend upon informed estimates. It has been estimated that in 1650 China had a population of 150 m. and this is supposed to have increased to 430m. in 1900. In 1935 the Chinese population was put at 450 m. This growth by itself is interesting but its other aspect, the Chinese emigration into the Far East from 1850 onwards, is a more significant phenomenon. But it is again impossible to assess it statistically because of the almost complete absence of figures. I shall, therefore, only give some sample figures that are available. In 1933, 8m. Chinese were living outside China. The average annual emigration to Singapore between 1921 and 1930 was 241,000. In 1935, the Chinese in Malaya numbered 16.50 lakhs. In the East Indies they numbered 12.55 lakhs. These are just sample figures, and though inadequate they give us, I hope, a rough idea regarding the quantitative aspect of this phenomenon.

The population of Japan in 1873 was 31.1 m. It had increased in 1930 to 64.5m. The Japanese Empire including Manchukuo roughly covered about 6 lakhs square miles. The population increase has not resulted in any

large-scale emigration. During the period of 60 years from 1868 to 1930, only a little more than a million Japanese went overseas but about 40 per cent of these came back. In 1924 the total Japanese residents in foreign countries numbered 5.9 lakhs. The majority of these were in the U. S. A., Hawaii, Brazil, Canada, Peru, Philippines and Asiatic Russia.

Population in India increased from 206m. in 1872 to 352.8m. in 1931. Emigration has all along been on a very small scale. Indian emigration started in the wake of the abolition of the Slavery Laws in England. The demand for labour in tropical dependencies was largely met by indentured Indian labour. The system was so harmful that Indian public opinion had to demand the abolition of that indenture system. In 1915 the Government of India finally prohibited emigration under indenture. The outlets to India's growing population were thus largely voluntarily reduced and of late the remaining outlets to free Indian emigrants such as those in S. Africa, etc., have been almost closed. In 1931 only 2.4 m. Indians were living abroad, i.e., less than one-half per cent of the total population.

Let us now revert to the point from which we branched off, viz., the problem of population pressure as the basis of the demand for colonies by the Axis Powers. The survey of the trends in world population so far attempted indicates that the colonial areas in the past have not attracted many emigrants from Europe, particularly from Germany and Italy. The large majority of European emigrants have in the past gone to self-governing and sovereign countries such as the U. S. A., Canada, Brazil, Argentina, Peru, etc. The colonies of Germany and Italy have never absorbed more than a small fraction of the total emigration from these countries. Nor are they, in the future, likely to absorb more in view of the generally very poor possibilities of economic development in the colonial areas as also because of their being climatically unsuitable for White settlement. The problem of population pressure, if there was such a thing at all, in the Axis countries could hardly be touched by the transfer of colonies.

Before concluding the discussion regarding population pressure let me as well indicate the areas of the earth which are even now sparsely populated and which afford immigration possibilities. These are the South American countries, Australia, and parts of the African continent. The South American countries have not imposed restrictions on the entry of foreigners but in the post-war period, some restrictions are likely to be imposed. The areas of immigration possibilities on the African continent are largely under British suzerainty. The Australian Government has adopted the 'White Australia' policy and has always favoured emigrants coming from the British Isles.

We shall, therefore, leave the question of population pressure at the stage of argument that we have reached and proceed to tackle the second problem, the problem of raw materials for industries.

#### RAW MATERIALS FOR INDUSTRIES

The problem of raw materials is also a post-Industrial Revolution development. Before that time the requirements of raw materials for the handi-

craft economy were only small. International trade was largely confined to luxury goods like the spices and silks of the tropics. This was radically changed with the advent of large-scale machine production and the development of better and more efficient means of land and sea transport. Large-scale machine production increased the raw-material requirements several hundred times over and the supply of these materials was facilitated by steamships and railways which led to the opening up of new lands in the tropics, in the Americas and Australia. The volume of internal and international trade increased many hundred-fold. The character of trade was also changed. It now came to consist of raw materials for industries and of manufactured products. The coming of the Industrial Age thus increased the importance of raw materials and the sources of such raw materials. The colonies became important sources of raw materials to the mother countries.

What are the basic raw materials for industries? The list is obviously very long and it includes as many as 40 or more different materials. Four main classes among these, however, might be distinguished. (1) Metals, (2) Non-metallic minerals, (3) Rubber and textile fibres, (4) Vegetable oils. Let me enumerate a few of the main constituents of each of these classes. Among metals, the chief is obviously iron, the basis of all industries; then comes copper which is largely used in electrical instruments; lead, used for sheeting and piping and ammunition; zinc, for galvanizing; tin which goes chiefly in tin plates; aluminium, the lightest of the common metals and used for a variety of purposes. Then follows the group of ferro-alloys: metals used for hardening steel, such as manganese, nickel, chromium, tungsten and vanadium. Mercury and the precious metals may also be mentioned. In the second class, i.e., non-metallic minerals, the first place goes to fossil fuels, viz., coal and petroleum, the two chief sources of power. Then come nitrates, potash and phosphates, the main chemical materials; sulphuric acid derived from sulphur or iron pyrites is also of great importance. In section 3, rubber is the most important. Among textile fibres cotton leads and wool and silk follow suit. Flax, jute and hemp are also important. The fourth class comprises all the vegetable oils such as those from cotton seed, soya beans, groundnut, cocoanut, oil palm, sesame, rape-seed, castor-seed and linseed.

This is only a short list. From these food-stuffs and timber have been excluded, not because they are unimportant, but they raise problems that lie beyond the scope of the present enquiry. Before going on to indicate how the various countries are situated in regard to the supply of these basic materials, it is necessary to indicate two considerations: (1) the possibilities of substitution and (2) synthetic production. In regard to substitutions it needs only to be mentioned that coal, oil and electricity are to some extent alternative fuels. The vegetable oils are almost completely interchangeable. So also the coarser fibres, hemp, jute, etc., are interchangeable to a large degree. Aluminium is an adaptable metal and can be substituted for copper and tin to a considerable degree. In regard to synthetic production the most prominent example is that of nitrates. Before the war of 1914 the world derived its supplies of nitrates from Chile; now these are produced by nitrogen fixation from the air.

Another development is the production of oil from coal. So is synthetic rubber. Rayon or artificial silk produced from wood, cotton-waste, etc., is increasingly displacing real silk. It should also be remembered that the relative importance of raw materials also undergoes changes of a lasting character with technical progress. The introduction of the steam engine raised coal to the position of the most important of all industrial materials. It still remains dominant, and, with the development of internal combustion engines, its supremacy is being seriously threatened by mineral oils. The competition of synthetic with natural textile materials, referred to already, is also a case in point.

Let us now examine the raw-materials situation in some of the leading countries. Such an approach will do away with the necessity of going into details regarding the main producers in the world of each of these raw materials. I shall not deal with the detailed figures of world production of raw materials; it is sufficient to give the results of an examination of such figures. These clearly show that there is no country in the world which is completely self-sufficient in the matter of all the raw materials. The United States and the U. S. S. R. very nearly approach that position. The British Empire as a whole is a close third followed by France and her Empire. The Axis Powers are deficient in many basic raw materials. Germany has a surplus of coal and potash. Otherwise she is largely deficient. Her supplies of iron, lead and zinc are insufficient and there is a complete lack of vegetable oils. Italy has enough silk, hemp, mercury and sulphur, and her supplies of lead, zinc and vegetable oils are also adequate. But she lacks all the important materials, iron, coal, petroleum, etc. Japan produces silk and sulphur on a large scale and is also sufficiently supplied with coal and copper. But she lacks cotton and petroleum.

The raw-material deficiencies of the Axis Powers were indeed very great. But the pertinent question is whether colonial expansion could have made good these deficiencies. If we examine the raw-material production figures we find that the colonial territories in the world as a whole produced only 3 per cent of the total raw materials produced in the world.<sup>5</sup>

Rubber is the only colonial monopoly. The colonial areas produce 56.9 per cent of the total world supply of tin. They also produce about 90 per cent of the world's supply of palm and copra oils. The bulk of the first two—rubber and tin—is produced in the Netherlands, East Indies and in Malaya.

These facts abundantly prove that the deficiencies of the Axis Powers could hardly have been met by the transfer of colonies which were not, after all, the main sources of the raw materials in which the Axis Powers were deficient. Natural resources in the world are very unevenly distributed and for making good the deficiencies of Axis Powers by territorial transfers would have meant the transfer, not of colonies, but of continents. The spokesmen of the Colonial Powers argued, and this was also corroborated by the League Committee on Raw Materials, that the raw-material producing countries were only too willing to sell raw materials to any one who wanted them. To this argument the German reply may be best summarized in Dr. Schacht's words:<sup>6</sup>

'It is either silly or cynical to declare that Germany can buy raw materials in the world market at will. No, Germany cannot do that because she does not

possess the means of paying for them in foreign currencies, and she does not possess the means because the foreign countries do not consume enough of her wares.'

To this the reply from the other side was obvious. If it was a lack of foreign exchange resources that was in the way of the Axis Powers in getting raw materials, the question was not colonial in scope. It was a problem arising out of the world depression as a result of which international trade was at a low ebb. The remedies, therefore, lay farther afield than in mere colonial adjustment. For 'the removal of discrimination against the goods of the Axis Powers in all the colonial territories in the world would probably prove to be of less net advantage to them than a lowering of the U. S. tariff.'<sup>7</sup> It was further pointed out, in the same connexion (and this also was endorsed by the League Committee), that the difficulties experienced by the Axis Powers in paying for raw materials would be alleviated to a large extent if these countries were to reduce their utterly unwarranted heavy expenditure on rearmament.

It was further argued by the spokesmen of the Colonial Powers that even if the Axis Powers were given a free access to all the sources of raw materials as well as the freedom to exploit them it would be of no avail; for then the Axis Powers will have to invest huge capital sums in colonial areas and capital was notoriously short in all of them. The colonies require to be developed by sinking capital into them and they were, in this sense, liabilities rather than assets. It was also argued that the transfer of colonies could not be undertaken except with the consent of the colonial populations.

## II. THE DEMAND EXAMINED

The discussion so far leads us to the conclusion that the demand for colonies by the Axis Powers was based on an illusion as to their proper worth. The vision of colonial wealth conjured up by them was a figment of imagination. But is this argument convincing? Is it a complete explanation? I, for one, am not satisfied with it. For it raises more questions than it answers. Two most pertinent questions in this connexion were put by Hitler himself. In his speech at the Harvests Thanksgiving Festival on 3 October 1937 he said:

'When we say that our living room is too small and must without question be supplemented by colonies, a wiser head raises itself in the world, and jabbers: "What use are colonies? They would be of no use to you. You can buy what you need." We are clever enough to know that. For if they had not fleeced us for fifteen years we could buy to-day.... There are foreign statesmen who say: "Colonies are a heavy burden," But they do not want to relieve themselves of any part of this burden. They say: "Colonies have no value." But in spite of that [they do not desire under any circumstances to hand back these worthless possessions to their legal owners.]<sup>8</sup>

And Dr. Schacht, the German economic expert, put the same more bluntly when he asked: 'Why are these colonies not returned to Germany, if they are as worthless as their arguments suggest?'<sup>9</sup> A little thought will show that both these questions are unanswerable within the framework of the argument, developed by the spokesmen of Colonial Powers that

has been summarized above. As such that explanation is only partial and inadequate. Indeed we must look elsewhere for a more satisfactory and a more reasonable explanation of the contradictory phenomenon. It can be found, I believe, if we look at the whole problem from the point of view of power politics in the international sphere. For a careful examination of the whole controversy shows that the two parties to the dispute were talking on altogether different planes. While the Colonial Powers were referring to peace-time access to raw materials the Axis Powers were thinking of the war-time control of raw-material supplies. For bringing this out, however, a short excursion into, what may be called, an analysis of power in international politics is necessary.

The question is rather complex but, simplifying severely, it reduces itself to the problem of 'What makes a country a Great Power?' In the international sphere power is essentially embodied in military power. Power may be thus defined as the power to exercise force externally. A Great Power is one, therefore, which is capable of projecting outwards a great volume of military power. Obviously this is a complex of many factors. For our purposes, however, we can enumerate a few of the most important. These are (1) Man-power or population; (2) Natural resources; and (3) Strategical position. Let me explain them a little further. It is obvious that population alone might be a source of weakness, not of strength. It is equally clear, nevertheless, that a Great Power must have huge resources of man-power. Again a Great Power must have rich natural resources or must have uninterrupted access to the sources of raw materials and the means to pay for them. But even these two together are not enough. The country must also have the necessary capital instruments to exploit these resources. Thus it must have a highly organized industrial structure. In this connexion, of course, strategical position is important, for a country whose resources lie in a single area, behind easily defensible frontiers, i.e., a country that is self-sufficient to a large degree like the U. S. A. or the U. S. S. R., is obviously stronger than a country whose resources are scattered or which depend upon the maintenance of valuable lines of communication like the U. K. and France.

Thus the U. S. A. and the U. S. S. R. are Great Powers in their own right while Great Britain is a conditional Great Power, conditional in the sense that her title to this status depends upon the maintenance of her widely scattered empire as also on the maintenance of the lines of communication to its outlying parts. Britain's self-sufficiency during war-time essentially depends upon these two factors. This kind of sufficiency is vulnerable. The intensive German U-boat campaign during the last war demonstrated this beyond doubt. It also explains the moral indignation with which English statesmen condemned the U-boat warfare. The peculiar character of England's self-sufficiency also explains her constant concern and effort at maintaining and preserving the world supremacy of the British Navy. The two cardinal principles of British foreign policy, viz., the maintenance of the *status quo* and the principle of the balance of power directly flow from these.

It might be also pointed out in this connexion that the degree of self-suffi-

ciency, in this sense, cannot be judged only in quantitative terms. For some materials may be required in small quantities but which may nevertheless be an absolute and indispensable necessity for war industries. This might be illustrated by referring to two metals, chrome and wolfram. Both of them are used for hardening steel and are required in small quantities. If, however, they are not available the quality of manufactured armaments is bound to be considerably low. To corroborate this statement, I need only refer to the storm of protest that was raised in the British Parliament on the question of chrome exports to Germany from Turkey and wolfram exports to Germany from Portugal. The fact only brings out the key position of such materials and the extent to which their presence or absence makes or unmakes a Great Power. The above discussion is sufficient enough to enable us to give a tentative answer to our question, 'What is a Great Power?'

'A Great Power is a country capable of waging active and autonomous war against another Great Power. The words "active" and "autonomous" are both essential to the description. It is not enough to sustain a passive defence, even for a long time, if it cannot eventually go over to the attack. And for a country to be beyond question a Great Power, it must be able to fight with its own resources—not necessarily with those to be found in its own territories, but with those that it can rely on being able to procure.'<sup>10</sup>

If we examine the demand for colonies of the Axis Powers in the light of this discussion, certain facts of major importance come at once into view. While the Colonial Powers argued in terms of peace-time access to the supplies of raw materials, the Axis Powers were primarily thinking of them from the point of view of war-time autonomy. They desired control over sources of vital raw materials during war-time. All the Axis Powers were informed and almost fanatically inspired with 'the will to power.' The fact is so well-known that it hardly needs to be mentioned. And consequently their economic ambitions were expressed in terms of power. They wanted colonies for they were a source of added strength. They wanted to develop into powerful and autonomous military powers. And for this they wanted both, man-power and materials, for manufacturing military equipment. It is interesting in this connexion to note the fact that there was an important shift of emphasis in the German territorial demands as put forth by Hitler. He was not so much concerned with outlying German colonies in Africa that could be easily cut away from Germany during war by blockade. Such colonies were of no use from the point of view of power or military strength. Germany can wage an autonomous war only if she has uninterrupted access to the vital sources of raw materials that she lacks. That is only possible, for a land-locked power like Germany, if she has command over the resources of South-Eastern Europe and Russia. Viewed in this light the following pronouncement of Hitler in his *Mein Kampf* is significant.

'It is not to colonial acquisition that we must look for a solution of this question (i.e., extension of Germany's living room) but exclusively to the acquisition of territory for settlement which will increase the area of the Motherland. We finally part with the colonial and trade policy of the period before the war and pass over to the land policy of the future....Take every

care that the strength of our people has its foundations not in colonies but in the land of its home in Europe.'

This quest of the Axis Powers after power explains their contradictory policy of complaining against the pressure of population at home, complaining that the emigration of Germans to other countries was an economic loss and at the same time making efforts to foster population growth still further. Their claims for colonies, their efforts at attaining 'autarky,' etc., then appear logical. On the other hand, the colonies were not so worthless to the Colonial Powers as they made out. For stripped of her colonial possessions Great Britain is not a Great Power in her own right. So also is the case of France. Only the U. S. A. and of late the U. S. S. R. are great powers in their own right. Germany, in her own right, wants to compete for a higher place in this hierarchy. But to be an undisputed Great Power she lacks certain vital materials. It was thus alright for the Colonial Powers to argue that the raw materials of the colonial areas are available to anybody who pays the price, but that could not impress the Germans for they knew it for certain that the Colonial Power could, can and will prevent Germany from getting them in war-time. By acquiring colonies Germany aspired to be in the position of the Colonial Powers. For power in international politics is relative, what one nation gains the other loses. Thus if Germany gains colonies it adds to her strength while it subtracts from that of the nation which loses those colonies. The colonies, again, are strategically important. How much this last consideration weighed with England in refusing the transfer of former German colonies might be illustrated by the strategical objections that were concretely put forth by the Empire Economic Union in England to such a procedure<sup>11</sup>:

(1) German possession of Tanganyika would cut in half Imperial air communications from north to south of the African continent i.e., from Cairo to the Cape.

(2) By driving a wedge between Kenya and Uganda in the north and the Rhodesias and the Union in the south, it would cut off South Africa from support from the north, and prevent her from lending help to the rest of the British African dependencies.

(3) The important part played by aircraft and submarines in modern warfare, as well as Italy's conquest of Abyssinia, have enhanced the importance to the Empire of the Cape route for sea trade, as an alternative to the Mediterranean and Suez Canal route. For this reason it is more important than ever that the Cape route should be bordered only by States friendly to Great Britain, and that there should be no possibility of Germany threatening the Indian Ocean (and therefore our trade route to India and Australasia) by a military occupation of Tanganyika with aerodromes and fortified naval bases.

(4) If Germany acquired overseas possessions she would demand an increased ratio for her Navy, which we could not, in justice, deny.

(5) A German Tanganyika would necessitate an enormous increase in British defence expenditure for the protection of our African countries.

(6) Germany might exploit colonies to raise coloured troops.  
All this only underlines the appropriateness of the above analysis.

### III. SOME CONCLUSIONS

The brief and necessarily sketchy review of the twin problems of population and raw materials attempted so far indicates the broad outlines of the problems to which they give rise recurrently in the sphere of international relationships. These problems are, as I pointed out, post-Industrial Revolution problems or to put it otherwise, problems that arise out of industrial capitalism. Whenever, it appears, a country is drawn into the orbit of industrial capitalism it becomes politically and economically resurgent. Economically the new technique of production increases enormously the productive capacities of the country and raises the standard of living of the population. This gives a fillip to population growth and population increases rapidly. Though a large part of the growing population is absorbed in the growing industries at home, quite a substantial portion is in need of outlets abroad. The new technology, in the political sphere, considerably augments the power of the national State both by increasing its war potential as also by strengthening the feeling of nationalism. And yet in a sense machine technology weakens this by outgrowing the limits of self-sufficiency, the basis of all power which was consistent with old technology. For mechanical production on a large scale needs many and varied raw materials and in enormously larger quantities than formerly to attain self-sufficiency. For attaining this self-sufficiency with a view to augmenting its power the country seeks to control politically or economically by expanding its sovereignty over the regions that are the producers of these raw materials, the only exceptions to this being countries like the U. S. A. and U. S. S. R. who have vast undeveloped lands and resources within their political frontiers. This power of acquiring control over colonies, better known as imperialism, masquerades under such flamboyant phrases as 'the civilizing mission,' 'Imperial destiny,' 'Whiteman's burden,' etc. The colonies serve two purposes: they supply the raw materials and buy the manufactured goods. They also provide investment outlets. They are again strategically important; for their strategical position confers additional power on the governing country.

This is the general pattern in broad relief. During the earlier half of the 19th century England and France, the acknowledged leaders in world politics in virtue of their position as pioneers of the Industrial Revolution, laid down this pattern. Both of them, especially England, succeeded in carving out rich and extensive empires for themselves, and thus in consolidating their world leadership. From the seventies of the last century their industrial leadership came under strong challenge, particularly from Germany and Japan. The resurgent capitalism in Germany soon took on an imperialist hue and started to demand 'a place in the sun.' For a time this was met by sharing the spoils of the African continent. But the blow could not be parried for long. The war of 1914 was essentially a war of conflicting imperialism. After that war the industrial leadership of England and France came to an end and new competitors arose. Other nations were drawn into the orbit of industrial

capitalism and similar problems cropped up again and they conformed to the old familiar pattern. To these I have already referred in some detail.

These problems are recurrent. They have had complicated international repercussions in the past and, unless managed with care and fortitude, they will complicate them in future. If a solution for them is not found in the post-war world, the same tale will be repeated in the case of some other nations. It is in this sense that I remarked at the beginning that the problems of population and raw materials have and are likely to occupy a crucial place in the scheme of international relationships.

In conclusion, it might be asked, 'What are the lines along which a solution of these problems can be attempted?' If the preceding analysis is correct, a few observations can be made with some confidence. In regard to population pressure, it is clear that the empty spaces in the world must not remain the exclusive preserves for some races or for certain nationalities. All the people in need of outlets must have free access to them. The same is broadly true with regard to raw materials. Every country must have free access to all raw materials. Control over them must be truly international. Every country must be free to buy and sell its goods without considerations of power politics. The building up and maintaining of empires with a desire to preserve leadership in the community of nations must not be allowed. All this, it is clear, is only possible if a truly international body, which can effectively perform the policing functions and which can curb the quest of nations after power, comes into being after this war.

It is not for me to take time by the forelock and prophesy whether such a body will come into being in the post-war period. Yet these are some straws that indicate the way the wind blows. The International Monetary Conference at Brettonwoods, the recent oil and the shipping agreements between U. S. A. and U. K., the Relief and Rehabilitation Funds and Schemes, etc., are hopeful auguries for the future. The outlook seems hopeful.

<sup>1</sup> *Germany's Claim to Colonies*, Royal Institute of International Affairs, p. 36.

<sup>2</sup> Dr. Burgdorfer, *German Emigration in International Migrations*, Vol. II *Interpretations*, National Bureau of Economic Research, 1931.

<sup>3</sup> Willcox, Increase in the Population of the Earth and the Continents since 1650, Chapter I, *International Migrations* Vol. II *Interpretations*.

<sup>4</sup> Imre Ferenczi, *Migrations*, Encyclopaedia of Social Sciences.

<sup>5</sup> Report of the Raw Materials Committee of the League of Nations, 1936.

<sup>6</sup> *Germany's Colonial Demands in Foreign Affairs* January, 1937.

<sup>7</sup> *Raw Materials and Colonies*: Royal Institute of International Affairs, p. 51.

<sup>8</sup> *Germany's Claim to Colonies*, Royal Institute of International Affairs, p. 35.

<sup>9</sup> *Germany's Colonial Demands, Foreign Affairs*, 1937, p. 230.

<sup>10</sup> What is a Great Power? Sir Walter Layton, Sidney Ball Lecture, March, 1944.  
1944.

<sup>11</sup> *Germany's Claim to Colonies*, Royal Institute of International Affairs, Second Edition, 1939, p. 54.

# THE FUTURE OF MALAYA

*By A MALAYAN RESIDENT*

A RECENT writer on Malaysia records a conversation he had with a distinguished English lady whose sons were officers in the Navy. When he introduced himself as one who had spent a large part of his time in and about Singapore he received a nod of comprehension, which after a moment's pause was followed by the question: 'Now exactly where is that, and whom does it belong to?' Such questions, one may assume, are now unlikely, if not impossible, after the first Japanese bombs fell on Singapore in the early hours of the morning of 8 December 1941 and war came to Malaya.

Without any introduction, therefore, one may proceed to a consideration of what Malaya was like on that fateful day; for its constitutional position and racial content are the necessary background against which a future Malaya will emerge after the war.

## MALAYA IN 1939: CONSTITUTIONAL POSITION

Constitutional practice, if not strict judicial theory, is responsible for the term 'British Malaya' which in its composite constitutional structure is in most parts non-British and in many parts non-Malay. But accepted usage over decades of history has tended to blur the political significance of the term into a mere geographical content. In that sense the peninsula which has received that name shares a common boundary with Thailand in the north and is rounded off by the island of Singapore in the south. Within its slightly over 50,000 sq. miles (larger than England without Wales) it contains ten separate administrative units under three different constitutional entities. There is firstly the colony of the Straits Settlements comprising Singapore, Penang and Malacca—pure British possessions. There are then the Federated Malay States comprising Perak, Selangor, Negri, Sembilan and Pahang; and lastly there are the Unfederated Malay States with Johore at their head and including Kedah, Perlis, Kelantan and Trengganu.

In regard to the Straits Settlements there is nothing to differentiate it from other colonies under the British Crown, ruled by a Governor responsible to the Secretary of State for the Colonies; there are the usual executive and legislative Councils in familiar patterns. Dominated by official majorities the real government is by the Civil Service with the Colonial Secretary at its head under the eye of the Governor. No vestige of democratic authority is ever claimed for the councils as the repositories of governmental power and authority.

Next in importance are the Federated Malay States—in constitutional theory sovereign States under the protection of the British Crown, in which British authority can only extend to such areas of authority as have been surrendered by the Sultans to the Protecting Power in return for the protection—but only in theory. In actual practice, however, there is nothing to differentiate these States from the administration that obtains in the Colony masked of course under a variety of names. Legislative powers, originally vested in

he Federal Council but in recent years decentralized to the four separate Councils of the four Federating States called State Councils, are only theoretically exercised by the councils but in practice exercised by the Civil Service through the official majority. Governmental authority in general is regulated by the respective treaties which in significant language provides for the attachment of a British Resident to the Sultan in each of the States whose advice on all matters 'shall be asked for and accepted' except as to Malay religion and Malay custom. No wonder in actual practice the Residents assisted by a hierarchy of the Civil Service became the actual rulers behind the Royal screen of a Sultan and his Council. British influence in these States is supreme and to the casual observer or the ordinary man in the street there is no difference between the Government carried on in the Colony of the Strait Settlements and the Government carried on in the protected States—none that is obvious. The Civil Service has again and again been mentioned. It is almost wholly and exclusively manned by British personnel. It is only 'Malayan' in the sense that it sees its service in Malaya and receives its emoluments from Malayan revenues. This qualification 'almost' is justified by the association in recent years with the pure blood of the Civil Service of an infinitesimal percentage of Malays whose entry into the Service—by nomination and promotion—though usually paradoxical as the achievement of a benevolent protecting administration is really and always hedged in with a variety of restrictions. These limit the offices they can hold and the emoluments they are permitted to receive.

The next group of Administration five in number is composed of the Unfederated States and Johore comes at their head. Its geographical position, sandwiched as it is between the British Colony of Singapore and all but the nominally British States of the Federation has given it a special significance in the eyes of the Imperial Power and for all the blandishments that it has received it has retained the greatest degree of substantial independence, while at the same time profiting by the economic development that came in the wake of the Imperial Power. One indubitable reason for its outstanding importance is to be found in a succession of very able rulers the State has had including therein the present Ruler who, whatever personal criticisms there may have been against him, has maintained the tradition of independence. He was perhaps the only ruler who not merely reigned but ruled over his State. And Johore is distinguished among all the Malay States by its written constitution providing for a Council of Ministers and a Council of State. The former is exclusively reserved for Johore Malays and the latter is composed of the members of the former together with representatives of other important nationalities appointed by the Ruler with the concurrence of the Council of Ministers.

Notwithstanding the later introduction of the British Adviser into its Council whose advice must be asked and acted upon in the practical tasks of Government if not in its constitutional structure, it presents a striking contrast to the States of the Federation on the one hand and the Unfederated States on the other.

Of the four other States Kedah is the more important but in common with the others has preserved to a far greater degree than the Federated States and Johore its essentially Malay character. Though in the States of Perliss (hardly more extensive than a large Malay district) Kelantan and Trengganu economic development and imperial inroads have not had sufficient scope for the parallel growth in political power of the protecting authority, in Kedah the situation is strikingly different. Geographically placed on the beaten track of modernism in its invasion of the Malay Peninsula its retention of its Malay character is to be attributed less to historical accident than to a purposeful attachment to its ancient traditions and usages. Though the terms of the treaty with the Protecting Power are not different in essentials from those with the other States, Kedah has consciously striven to keep away from the complexities of twentieth century progress without sacrificing the larger interests of the State and its peoples. This she has largely achieved. The Malay is everywhere in the services and occupies administrative posts of importance and demonstrates to the fast Westernizing sister States that it is possible to be prosperous without an obviously alien administration, and the economics of the State can be adequately safeguarded by Malay personnel and Malay competence. Kedah has, in this conscious stand, been well served by her Royalty and her Malay leaders. Each of the Unfederated States has its own council to advise the Sultan and in political set-up there was an essential sameness though in the exercise of the political power the accidents of place and person and circumstances have had their inevitable play.

#### THE RACIAL PATTERN

While such in brief outline was the constitutional structure of British Malaya, its racial content was no less conglomerate and heterogeneous. Of the race that has given its name to the country only less than half (about 45%) form the population. The Chinese, the most numerous and the most ubiquitous of the immigrant races, are running a close race to achieving a numerical equality with the Malays. The next largest racial group are the Indians—nearly 800,000 of them in 1941—and form about 15% of the total population. There are of course the Europeans, the larger percentage of them being British as might be expected.

For all practical purposes the Malays may be taken as the true natives of the country and the sons of the soil, though historical research has not solved the mystery of their origin. That they were not the earliest inhabitants of the country is now well known and accepted, an aboriginal nomadic community being still found in the jungle pastures of the country. The vast majority of the Malay population still clings to its villages and far-away settlements. Shy by nature, the Malay is not very much in evidence in the cities and townships which are the centres of Malayan economic prosperity. As such it is quite possible for a casual visitor to the country journeying down its farfamed roads through ultra modern towns to get the impression that it is a country of the Chinese, who indeed form the prosperous middle class of the population. The Malays themselves in good part are new comers to the country

having emigrated from Java and Sumatra which had previously come under Hindu influence from India. To these immigrants came Mohamedanism through India again and in the Mohamedanism—that is now the universal religion of the Malays—there can still be detected the core of Hinduism. The Malays are, however, a truly religious people keenly and with the utmost faith practising the tenets of their religion but living in the utmost concord with other religionists. The true spirit of their religion does not prevent them from being ‘human and carefree, gay and good looking.’ In an extraordinarily rich and fertile country where the bounties of nature have exceeded even the tropical abundance of similar climes, where the maximum of life’s wants were easily satisfied with minimum effort, the very air spelt ruin to inquiring initiative and competitive endeavour. It was, therefore, natural that the sons of the soil, indulged by a bountiful nature, should become happy and carefree and inclined to indolence. Everything contributed to a culture ‘stable and rounded in itself and borne with a cheerful and unhurried dignity.’

In short the country was an imperialist dream of paradise, and so it became. Tucked away in their small village communities scattered about in a large area, ill served by any facilities of transport and movement in groups rendered unnecessary by the superabundance of a luscious country, there did not exist among the Malays any social or political consciousness of a cohesive Malay nationality. Western influence brought in the wake of British protection has yet but skimmed the surface and the Malays very largely live their quiet lives far from the madding crowds’ ignoble strife.

In recent decades, however, the urge to become modern and get abreast of things has taken strong hold of the younger generation of Malays. Always cheerful and disdaining to see the seamy side of life, the new-sought pleasures help to keep up a gay and carefree attitude to life. The more educated of their kind have had occasion to look about the world and themselves in it and have become alive to a galling sense of inferiority that the patronizing attitude of a Protecting Power oftentimes without much delicacy imposes on them. Even where they have been admitted to the higher branches of the Services they are regarded only as second best in official hierarchy. A pro-Malay policy in recent years, introduced and carried out with a blatant insistence on the necessity for such special protection and safeguards, had only tended to intensify the feeling of inferiority. Malays have recently entered the professions in terms of equality with the other races and it should only have been a question of time before the bitterness grew and the ethical aspect of protection might have come up against the light of day.

More than any single instance the interference of the Protecting Power in the question of the succession to the throne of Selangor, one of the States of the Federation, very nearly created open disharmony between the Malays and the British. A feeble compromise enforced by the Colonial Office recalled the British Resident who too openly flaunted the iron hand, and the succession was settled as originally planned, the disappointed rightful heirs being mollified by a generous solatium. There was, therefore, much in the air on the eve of

the war with Japan that the invading Power could exploit; it did to the fullest extent.

The most powerful racial group economically and politically are the Chinese. British Malaya might have remained less desirable than it has become but for the Chinese—Chinese labour, Chinese organization, Chinese trade and Chinese philanthropy. A great immigrant population freely welcomed into the country to open up its virgin jungles which but for their brain and brawn might well have remained inaccessible, they came in great numbers as an escape from the persistent turmoils of their home land and chose to stay. In the earliest times of their immigration they were really bands of gangsters under their captains who ruled and controlled whatever part of their country they chose to squat on, and made frequent wars against each other. All this gave way to orderly progress as the country came more and more under Western influence. The opening of tin mining in the country was the signal for further large-scale immigration and when the phenomenal rise of the rubber industry followed, Chinese immigration reached new high levels.

Meantime, political conditions in China were changing and the nationalist movement in China helped to create among the Chinese a sense of oneness in their new-found home which is completely lacking in the other races. In the Chinese it became a dominant trait and this was soon followed by a political consciousness intensified by the knowledge that they were the greatest contributors to the wealth and prosperity of Malaya. World currents that are at once the cause and consequence of nationalist movements had their wholesome share in consolidating the race and the Chinese became intensely political in the not very complimentary sense in which imperialism insists on calling any challenge to its authority. From the huge array of toiling labourers uncomplainingly accomplishing their allotted tasks through the gradations of middle shop-keepers, traders, skilled-workers, technicians and Government employees to the professional men and multimillionaire capitalist heads of big banks, big mercantile houses, big businesses, the Chinese form a complete and rounded community in Malaya; and this has not been without significance in the fear and respect that they evoke and command among all other communities in the country, not the least the ruling race. Their importance and influence in the economic sphere have grown so enormously that the British administration is willing to indulge them where in other cases intimidation would have been the rule.

That at the higher levels the Chinese deserve the respect that they receive is obvious to those who have come across them or lived with them as many Europeans and most Indians will testify. Intelligence, industry and integrity, enlivened by a wholesome sense of humour and ennobled at all times by generous impulses, are the main traits in their character as a race and the mere statements suggest that not much more is required to make them the ideal immigrants, philosophical in their sufferings and full-hearted in the pleasures that they seek and the happiness they achieve. Not a city of Malaya but it bears evidence of some Chinese philanthropy, not a village but it demonstrates their keenness to share the good things of life with those among them not so

fortunately born or not so happily circumstanced. That in the fullness of time the Chinese by their very numbers, their economic influence, and their political importance might be tempted to claim Malaya as theirs, as it is theirs in all but name, was the motivating force behind the recent attempts of the British Government to suppress their political societies notably the Kuo-min-tang, the ruling party in China to-day. What might not have happened but for the war ! What might not yet happen after this war ?

Next and last come the Indians whose contribution to the growth and well-being of Malaya is not insignificant but whose importance in the political condition of the country is less than what their numbers might justify. It was a famous saying well known in Malaya that when prosperity was about to dawn on Malaya the country had need of a hundred thousand Chinese labourers in its mines and a hundred thousand Indian labourers. And after hardly more than two generations the hundred thousand Chinese have multiplied into huge communities and have elevated themselves to middle class lives and in a comparatively smaller part to capitalist luxury. The Indians too have multiplied no doubt but have remained labourers still. This criticism is substantially true and in Malaya to think of the Indians is to think of the estate labourers. They have remained a permanent lower class. The causes of their unhappy conditions may be many and varied but the fact is one that cannot be blinked.

Only within the last few decades has an Indian middle class grown up and through them a good number in the professions. They have lacked the cohesion that characterizes the Chinese communities and the sense of solidarity has only in very recent years showed signs of coming into existence. The visits from the parent country of Indian political leaders have helped to create a sense of unity and oneness and with it has grown an awareness of the interdependence of the community notonly among its own components but also amidst the other communities. A handful of intellectuals have promoted political consciousness through Indian associations central and provincial but these have yet been unable to reach out to impress the administration of their importance or their usefulness. Far rather they have suffered under the attitudes that imperialism affects when it chooses in its blindness to call tomorrow's reformers as today's agitators.

The last but the most important element in the racial pattern are the Europeans, mostly British. Though within their fold the civil servant and the officers of the government have felt themselves a superior caste to the larger body composed of men in the professions, in mercantile houses, and the plantations there has never been and never will be a very large rift in their solidarity, as the members of the ruling race as against their black, brown and yellow compatriots.

1939-41

This then was the political and social condition of Malaya when war came to Europe. Notwithstanding the parade of patriotic fervour that took place on ceremonial and other occasions, to British Malaya the war was truly and literally very far away. As a contemporary writer has crisply remarked Malaya had

set its alarm clock on Armistice Day and gone to sleep. This was said of the Europeans but it will bear application to the other races.<sup>1</sup> Life went on as merrily and comfortably as ever before in this wealthiest of all colonies. If anything it was merrier and more comfortable with more wealth flowing into the country by its exports of the most essential war materials. The economic barometer registered a steep rise and the 'Lets-get-rich quick—for the war will not last for ever' were many. The country appeared to have no great stakes in the war and there was no more visible evidence of it than the oft-seen Khaki in the streets of its more important towns. Within the Secretariat war was in full swing and rings of paper churned out regulations and ordinances to cope with the emergency which was not seen in the life of communities. But the general atmosphere hardly registered a stir for all the newspaper headlines and the quickly changing fortunes of war. A sense of urgency was completely absent.

As 1941 advanced to its fateful close, there was a nearer awareness of brewing trouble but the administration carried on in its allotted course. There was no propaganda to shake the somnolence of the people into alertness and the impression was consciously and deliberately propagated by the government that nothing was wrong and that everything was in hand. In such a situation when no news of the war came but it was bad news, big and small rumours spread about completely unchecked and those who did not feel the imminence of disaster at all events realized that the worst may happen; but the general atmosphere of peace and plenty lulled them into feeling secure and hoping that nothing would happen.

Among the Malays the consistent run of failures that the Allied arms had suffered made them feel in their bones what they would not admit with their breaths that the British were not so strong after all and 'what price this protection!'

Among the Chinese there was a more vibrant sense of impending trouble. Years of the China War with Japan and the collections made by patriotic societies to replenish the dwindling coffers of the National Government were persistent and near reminders of a war which they felt in their lives. It steeled their hearts to the struggle that seemed possible if not inevitable and they were ready to make common cause with Britain and lend their willing shoulders to the tasks that appeared to lie ahead. To their richer and higher middle classes that were the backbone of the economic life of the country the war had to be met and grappled and not waited for in fear and dismay.

Among the Indians the awareness was somewhere intermediate between the active sympathy of the Chinese and the passive hopes of the Malays.

In a situation so vague and uncertain the Government had no positive policy. They did not appear to have a policy of their own except registering and carrying out the orders of the Colonial Office at home. Much might have, and ought to have, been done to rally the doubting Malays, to put heart into the Chinese and kindle enthusiasm among the Indians. They did nothing. Again and again the feeling that was being created and fostered was one of utter dependence of the people on the Administration. The Administration knew everything and let the people leave it to them and not clutter up the steps of

Government House with their inexperienced and halfbaked ideas. Nothing could have been more unwise, more baneful as the event abundantly showed. The volunteers were periodically mobilized and paraded up and down the peninsula and the communities were given their vambrace of the A. R. P., the A. F. C., the L. B. C. and a host of other jumbled alphabets to play with, while the Administration took care of everything. Prosecution of Chinese Communists went on even after the entry of Russia into the War; essential war materials were being still exported to Japan; the Cabinet hierarchy of Thailand had been taken in ceremonial procession over the naval base and dock facilities. Was the British lion still sporting with war or was it suffering old age? The man in the street was puzzled and perplexed. Even an honourable member who dared to doubt in Federal Council if there was a policy behind all these simulated activities and the frittering away of the finances of the Federation through a scheme of exaggerated secrecy was promptly rapped on the knuckles by the High Commissioner. The present writer once asked a very high Government official why the Government should not train and arm the able-bodied citizens of the country (of whom there could easily have been found a hundred thousand among the Tamils alone as a kind of Home Guard) even if they were armed with sticks only. He was met with a shrug of the shoulder and the counter question 'Where are even the sticks?' The Indian temper was also rendered more sullen by a most unwise handling of a strike situation that attained serious proportions, leading to shooting on an unarmed crowd, squatting round a European manager's bungalow. This shooting was done by units of the Indian Army after an Australian Officer who had been called upon for help had declined to rain his guns on the people of the country they had come to protect. Not unjustifiably therefore the taunt went round 'Did you hear of the latest victory of the British Arms', answered by an incredulous 'No' 'Where?', followed by a comeback 'Yes at B. B.' (the village where a few Tamil coolies were shot). The Chinese had the utmost stake in the war but they were merely brushed aside. The very clear impression was inescapable that a prestige-ridden Administration was unwilling to take the proffered hands of the Asiatic nationalities as that would involve the double confession of their own unpreparedness and their receiving from the Asiatics the very protection that they had sworn by treaties to give them.

But the Administration's greatest disservice to the peoples of the country was their painful iteration of their readiness and preparedness to meet any enemy who was fool enough to attack Malaya, bristling with its guns. And as the event proved these Fairy Tales came to have been told once too often and the stirring shock of the realization of the truth was too overwhelming to recover from.

In this state of things with a community acutely conscious of nothing being done and with an Administration that did not know what it was doing but hoped to blunder through, the morning of 8 December, 1941 arrived and the Japanese struck. It is no part of the present purpose to evaluate the military preparedness of the country and the measures that were taken to meet the invasion. Suffice it to say that when war came actually to its doors Malaya was

completely unprepared in every respect. This the event showed. The different communities had developed in them no independent leadership and they all looked to the Administration to do the 'everything' that they had been told they were prepared for. The native Rajahs and Sultans expected the 'Protection' that the treaty rights secured to them. Within the first few days of the attack, Penang fell and the Governor and the High Commissioner solemnly broadcast to the country 'that with the fall of Penang it should be obvious to any intelligent person that the Peninsula could not be defended. But Singapore will be held.' This painful iteration of Singapore being held in any event made it quite obvious that Malaya had already been lost 'in the heart', to use a biblical phrase, if not yet in the field of arms. Japan exploited the situation to the fullest. She found an enemy who had not only protested too much but had done too little. So in a short space of time events took their predestined course to the inevitable catastrophe as in a Greek Tragedy. And finally in spite of all protests Singapore fell too. And the cup was full to the brim. The military debacle in Malaya is contemporary history and needs no elaboration. The causes too primarily were military unpreparedness and administrative inefficiency. Many examples of the latter can be given but the fact is too notorious to be challenged and post-mortem inquisition is of no value.

#### THE FUTURE

What then of the future?

Writing in the middle weeks of 1945 hardly a doubt enters one's mind that Malaya will be ultimately reconquered. The question then arises as to what the constitutional status of the country will be after reconquest. There is the school of thought that takes the very legalistic view that in so far as the Sultans have made common cause with the Japanese the overthrow of Japan involves the overthrow of the Sultans. In this view the pale pink that coloured 'British Malaya' in our maps will give place to deep red. This view oversimplifies the problem and quietly forgets that Britain was in Malaya as a protecting power and that when the practical call came for the exercise of that protection the protecting power was the first to seek her own protection in a withdrawal to safety. It was common knowledge in Malaya after the start of the war with Japan that when the main assault on the Peninsula fell on the North-eastern States and that to the North and to the North-West, the British Advisers were among the first to be withdrawn to Singapore. At all events they came away. The more honest view held by important sections of ex-Malayans is stated thus by a very distinguished British lawyer and jurist in these terms:—

'Our position in Malaya rests upon the treaties. To that we are completely committed by a succession of the most solemn declarations to go behind which would hold us up to the world as being without honour. Having failed to give the Malaya rulers the protection promised, we could not possibly use the Japanese conquest as an excuse to force upon those rulers things to which they would not consent of their own free will. It may be (I do not know) that the Rulers, are some of them, have forfeited their thrones by their conduct during the Japanese occupation. That is purely personal. The Thrones remain and

Malay sovereignty remains. When we go back to the Malay States we shall be doing so under the treaty rights unless we are to be so unscrupulously dishonest as to assert that by driving out the Japanese we have conquered the country and are so entitled to the right of conquest.\*

Assuming the latter view prevails, then the further question remains as to the nature and constitutional character of the ten different Administrations. Ideas of combining the States and the Colony in a federation appear merely fanciful. That the Colony will remain as such is a natural assumption. The Federated and Unfederated States might be equated on the basis of a common denominator under a central control of all-Malayan matters, and each state given the fullest autonomy with legislative and executive authority in the hands of the Ruler and the appropriate councils.

But then there still remains the all-important question of the political complexion the Administrations will take. That in the years following this war there can exist any autocracy Colonial or otherwise is a forlorn hope. In Malaya, therefore, the improvement in the political field shall have to be in the direction of the association of a larger and larger number of the citizens of the country in the tasks of Government. Legislative councils constituted under the elective principle with unofficial majorities with the minimum official representation consistent with good Government are the natural lessons of victory in this war following the years of disappointment and defeat. In the words of the jurist hereinbefore quoted, 'the plain simple truth is that the one question pregnant in the whole future of the Colony (and, I think, of some of the Malay States) is whether or not the people or any part of the people are to have any direct representation.'

The next fundamental factor that will have to be borne in mind is that in the years after the war Malaya will have to fit into a Pacific background in which the United States of America will have a dominant voice. And China will have become the pre-eminent Asiatic counterpart of the United States in the Pacific. Assuming, therefore, that Malaya will have been reconquered, if not by, at least for the British the precepts of British colonial system will have to reckon with the example of America and the desires of China. The Chinese have had a dominant voice in the economics of Malaya and they are unlikely to toe a line that is inconsistent with the post-war ideals of United China. India too, one hopes, will achieve the pre-eminent status that is hers by reason of her geographical, historical and strategical position as a first class power in Asia and will have her voice heard in Malaya where perhaps lives the largest single community of Indians outside India. To one who has gone abroad and lived with other nationals in foreign climes, nothing is more humiliating than that India should export her surplus population and beg for favours for her nationals abroad. India is wide and vast enough to draw her children back to their homes and with her resources well husbanded provide for their living. But that perhaps is an ideal dim and distant. That the Indians in Malaya will

\* Roland Braddell on "The Reconstruction of Malaya" (*British Malaya* issues of September and October 1944).

ask for a voice in the Government of the country that they have in the past in no small measure helped to develop to its phenomenal wealth, goes without saying; but unless they have at their back a government at home (by which is meant India) which will mean business there is small hope for the enduring peace of the world.

In the economic sphere Malaya cannot hope to be the wealthy country it was before the war that made it one of the richest prizes of any predatory power in the Pacific. The commodities in which she had a world monopoly have now in the stress of war had substitutes found for them, which will have been so highly developed by the end of the war that the country's main source of wealth will have depleted if not disappeared. Most of the consumer-goods she got cheap from Japan; and with the disappearance of Japan as a principal industrial power in the Pacific she may have to pay for her necessary imports. All these will render Malaya quite the reverse of the Eldorado that she had been in men's eyes before the war. This will have a direct result on the cost of her administration which in the past has been extravagant beyond her needs.

The future of Malaya, therefore, is a big question mark. Already London financiers have started producing paper plans for reconstruction, all of which assume that British power and prestige will still run high in the East and as if the return to Malaya will be on the lines of an official returning from leave refreshed for his rest. Quite the reverse will be the actuality. The fate of returning Governments to their European homes as exemplified in Greece, Poland, Belgium and the rest provides the writing on the wall. One good that resulted in the hurried withdrawal that was the Malayan campaign, is that, except for an infinitesimal fraction of the Asiatics who evacuated, the entire bulk of all the communities still remains in Malaya. So too the European personnel though most of them are in prison camps. Nor did the country suffer any really serious damage as a result of the war comparable with the destruction that has taken place in England and in the European continent. As such the country still remains, nearly whole. After the reconquest, therefore, there will have to be an opportunity for the communities and races that have remained and felt and suffered the impact of Japanese conquest to have their say as to the best form of government they will live under. In this connexion the suggestion that has been made by that distinguished Malayan whom I have quoted before that a Royal Commission should immediately after the war collect the views of all communities seems eminently desirable. May be a United Nations committee will be a better approach to a problem that will by then have developed an external complexity no less difficult than the internal.

## INDIANS OVERSEAS

*By C. KONDAPI*

INDIANS IN EAST AFRICA AND THE QUESTION OF 'CLOSER UNION'

BECKONING to the west coast of India across the Arabian Sea, East Africa is so geographically situated as to constitute a natural outlet for Indian emigration.

It is nearer to India than to Britain besides being in the tropics. Consequently, the four East African territories of Kenya, Tanganyika, Uganda and Zanzibar have proved to the west coast of India what Burma and Malaya have been to her east coast.

#### RELATIONS BETWEEN INDIA AND EAST AFRICA

Indian emigration to East Africa may be traced to a period even prior to the Portuguese occupation at the close of the 15th century; Indians were trading there long before British rule began. In 1841, Captain Hamerton was appointed at Zanzibar as the first British Consul and as Political Agent for the Government of India primarily to safeguard Indian trading interests. In 1874, there were 4,198 Indians in Zanzibar and the East African coast as against 24 Europeans including officials. In 1875 Lord Salisbury, Secretary of State for India, pleaded for active encouragement of Indian emigration to East Africa for the purpose of settlement and colonization and emphasized

'from the imperial point of view, the great advantages which must result from peopling the warmer British Possessions, which are rich in natural resources and only want population by an intelligent and industrious race to whom the climate of these countries is well suited.'

When the Royal Charter was conferred on the Imperial British East Africa Company in 1888 by Queen Victoria, it was urged as one of the Chief grounds for the grant

'that the possession by a British Company of the coast line as above defined which includes the port of Mombasa would be advantageous to the commercial and other interests of our subjects in the Indian Ocean who would otherwise become compelled to reside and trade under the Government or protection of alien Powers.'

The Sultans of Zanzibar also encouraged Indians to settle down as agriculturists by offering concessions in the shape of remission of land duty. Owing to the reluctance of the native labour, the construction of the Kenya-Uganda Railway in 1895 was carried out mainly by Indian labour from the Punjab and this led to a large influx of Indian artisans. Sir John Kirk, who was Political Agent of the Government of India from 1866 to 1887, has stated that the railway itself found it necessary to retain the services of a considerable number of Indians both for clerical work and for skilled and unskilled labour. Many traders followed the artisans and settled in the towns and trading centres in the native Reserves. By 1897, Indian population had increased to 7,500 while in that year the Europeans and Eurasians numbered only 390. Sir John Kirk has testified to the fact that in 1866 the whole trade of Zanzibar was in the hands of Indian merchants. In his despatch to Lord Salisbury in 1888, Col. Enan Smith, Consul-General at Zanzibar, reported to the same effect.

The emigration of Indians naturally forged close links between India and East Africa. This is obvious from the fact that the unit of currency in Zanzibar and British East Africa Protectorate (Kenya) was the Indian rupee till as recently as 1 January 1936, when it was displaced by shillings and cents. What

is more, the civil and criminal law and procedure of British India was followed in the trial of Europeans and other British subjects in Zanzibar, the area within which the Consular Courts exercised jurisdiction being regarded as a *zilla* or district of the Bombay Presidency to whose High Court an appeal lay from the decision of the Consular Court. Indeed in a petition to the Secretary of State for the Colonies, dated 23 August 1905, the Colonists Association\* stated:

'The East Africa Protectorate is governed as if it were a province of India and a large number of Indian Ordinances are applied to it....The sooner the sorry farce of Indian laws and Indian methods of Government is abolished the better.'

Relying to this petition, Lord Elgin, Secretary of State for the Colonies, stated:

'The vast majority of the inhabitants of the Protectorate are natives for whom the Indian codes may well be regarded as more suitable than English law.'

What was the result of these close relations between India and East Africa? In a despatch to the Secretary of State for the Colonies, dated 11 September 1940, Sir Edward Grigg, Governor of Kenya, wrote:

'Indian labour was responsible for most of the manual part of the original construction of the Kenya-Uganda Railway. Indian contractors and traders have been the medium of much development throughout the Kenya colony including the native Reserves. Indian lorry-drivers are pioneers of trade in all the most outlying districts of the colony. I could add to this list in many directions.'

Sir Harry Johnston in 1899 as the Special Commissioner and Sir Hasketh Bell in 1909, as the Governor of Uganda, and the Uganda Development Commission of 1920 have all testified to the Indian enrichment of that country. In 1926, its Governor declared that 'the rôle of the Indian community in Uganda's development has been not merely important but positively indispensable.' Similar official declarations have been made in respect of Indian contribution in Zanzibar and Tanganyika.

Indians in Kenya are mainly engaged in the distribution and transport trades. Much of the export trade is handled by them. They purchase the native produce and develop the retail business. In the sphere of industry, they work as engineers, mechanics, masons, blacksmiths, printers, sawers and contractors. Indian artisans employ and train up natives as skilled workers. In the professions, they are working as lawyers, doctors and schoolmasters. In Uganda, Indians are the most important purchasers of native-grown cotton. The sugar industry is largely in their hands. They are also engaged as mechanics, agriculturists, barristers, doctors and government officials. They dominate economic life in the Protectorate by virtue of their numbers, wealth and capacity. In Zanzibar.....they are the linchpin of the clove trade on which the Protectorate depends for its revenues. In Tanganyika they const-

\* Of the Kenya White Settlers.

titute the bulk of the commercial community and Indians have done so well here that at the close of the last war, there was a suggestion by Sir Theodore Morrison that India should be given the mandate over Tanganyika. The suggestion was, however, rejected by Indian public opinion in conformity with her ideals of anti-imperialism.

Regarding the Europeans, most of them own or manage farms for growing cash crops like coffee, sisal, tea, cloves and cotton.

The numerous native communities like Swahilis, Kikuyus, Masai etc., are primarily labourers.

The following table shows the racial composition of the population in Eastern and Central African territories.

RELATIVE POSITION OF INDIANS

	<i>Esti-</i> <i>mated</i> <i>Year</i>	<i>Native</i>	<i>Arab</i>	<i>Asiatics</i> ( <i>Mostly</i> <i>Indian</i> )	<i>Euro-</i> <i>pean</i>
Kenya	..	1942	3,595,992	16,549	28,997
Uganda	..	1943	3,868,714	..	2,647
Tanganyika	..	1943	5,271,229	..	14,383
Zanzibar	..	..	..	33,400 (Indians)	278
S. Rhodesia	..	1941	1,372,900	..	2,547 (Indians)
N. Rhodesia	..	1940	1,366,641	..	68,954
Nyasaland	..	1940	1,682,456	..	15,188
					1,738

## CLOSER UNION: WHAT IT MEANS

The most important political problem now agitating the mind of Indians in East Africa relates to the question of Closer Union. 'Closer Union' was the method proposed even as early as the twenties of the present century for securing a more effective co-operation among the governments of the several Eastern and Central African territories through a common policy and co-ordinating machinery as regards economic subjects of common interest like posts and telegraphs, customs, transport, defence, scientific research etc. This centralization of the control of common and essential services was to be exercised through the constitution of a Central Authority with full legislative and executive powers in these matters; the suggestion was even made that the objective could best be secured by means of a federation.

The political set-up of East and Central Africa is varied. East Africa consists of Kenya, Uganda, Tanganyika and Zanzibar; Central Africa of southern and northern Rhodesias and Nyasaland. Kenya is a British Crown Colony having been annexed by the Crown; Uganda is a British Protectorate, the native King Kabaka having accepted British protection; Tanganyika is a British mandated territory; Zanzibar is a British Protected State which is administered in the name of its Arab Sultan under advice and control of the British Resident. The coastal area round Mombasa is called the Kenya Pro-

orate, its sovereignty resting in the Sultan of Zanzibar. Southern Rhodesia is on the threshold of Dominion Status while Northern Rhodesia and Nyasaland are less advanced on the road to self-government.

#### HISTORY OF THE QUESTION

The history of the question of Indians *vis à vis* closer union may be traced back to 1921, when the suggestion for closer union was confined to Tanganyika and Kenya. Advertising to the Kenya constitutional proposals of 1920, and the sympathetic attitude of the Kenya White settlers to the Indian demands for common electoral roll and the adequate representation in the Legislative Council for instance) the Government of India wrote in a despatch on Tanganyika dated 19 February 1921:

'In view of recent events, we may perhaps be pardoned if we regard with grave misgiving the possibility of administrative union with the adjacent territory of Kenya colony.'

By 1924, however, the scope of the closer union was territorially extended to include the whole of East Africa. Mr. Ormsby-Gore was deputed in 1924 to inquire into the position in East Africa with a view to explore the practicability of a co-ordinating policy and service therein. He reported in April 1925 that any attempt at political federation would be *premature* on the grounds of lack of communications and unnecessary expenditure involved in the appointment of a High Commissioner with a permanent Secretariat. He recommended closer union of the territories through greater administrative co-operation for which he suggested periodic conferences of Governors and responsible officials of the various departments. This Report made the British public aware of the great possibility of converting East African territory into another huge British Empire. Hence, immediately after the publication of this Report, £ 10 million was sanctioned by the British Parliament to surmount the transport difficulties by elaborate motor roads, railway tracks and steamers crossing the great lakes together with aeroplanes facilitating rapid contact with Europe to attract white population.

In 1926-27 much propaganda was carried on for responsible self-government in Kenya and closer union. 'In pursuance of a recommendation of the Parliamentary Commission which visited East Africa in 1924, the first Conference of Governors of East African Dependencies was held in Nairobi in January 1 February 1926 for the discussion of matters of mutual concern. It was decided that a permanent Secretariat for the Conference should be established in Nairobi'. When, at this East African Governors' Conference in Nairobi in 1926, the question of closer union was forcefully mooted, Sir Donald Cameron, Governor of Tanganyika, expressed the opinion that a co-ordinating body had for the first time been created in the form of that Conference with permanent Secretariat and hence it should be given a chance to function before resorting to another device in its place. Still two steps were taken in July 1927 in the direction of federation. A customs union was constituted between Kenya and Uganda on the one side and Tanganyika on the other and

his came into force from 11 July. The second step was taken by facilitating the transfer of European officers from one territory to another and enactment of common pensions and leave rules in all the four territories thus practically fusing the four Civil Services into a consolidated whole.

A manifesto of the European Members in Kenya (1926) and the sojourn of Sir Edward Grigg to England for constitutional discussions (1927) resulted in the appointment of the Hilton-Young Commission in 1927 to investigate the question of closer union not only of the East but also Central African territories. Referring to the danger in transferring native population to the control of the settlers, Lord Snell questioned during the Commons debate on 19 July 1927 why, within 4 years after the Ormsby-Gore Report against federation, a new commission was appointed. He asserted that 'this new policy appears to go back on what we call the Devonshire Policy' (of the 1923 White Paper). Kenya settlers now intensified their attempts to achieve closer union. A memorandum was drawn up in December 1927 by the Executive Committee of the Convention of (European) Associations of Kenya giving concrete proposals as to the form which a federation of Kenya, Uganda and Tanganyika should take.

This memorandum demanded federation 'only if Nairobi is the Federal capital and the headquarters and principal residence of the High Commissioner who will thus live in an atmosphere of British civilization surrounded by and subject to its influence in the shape of local associations and institutions and of a legislature with an unofficial majority'. In other words, as Sir William Gowers, Governor of Uganda, has stated, 'the Associations are to control the policy of the other territories.' Regarding the composition of the Federal Council, Kenya was to have 6 members, Tanganyika 4, and Uganda 2 and this was apportioned, in the words of Sir William, 'by the simple arithmetical process of counting the Europeans' in each territory.

*The Hilton-Young Commission Report.* The Hilton-Young Commission was appointed to explore the possibility of federation or some other form of closer union of Central and East African territories with a view to secure more effective co-operation in regard to transport and communications, customs, tariffs and administration, scientific research and defence. In their Report which was published early in 1929, the Commission ruled out federation as a solution in view of the difficulty of a clear-cut division of subjects between the federal and State authorities. South African experience has proved that the native question touched at some point almost every subject and cut across every line of division. So they recommended that this closer union ought to take the form of 'the establishment of a strong unified central government directing all affairs of common interest for the three Provinces, rather than a federation of quasi-independent States.' A Central Executive Authority should be created for Kenya, Uganda and Tanganyika in the form of a High Commissioner or Governor-General who would exercise general supervision over the three territories as a sort of permanent chairman with full executive powers of a standing conference of the three Governments. But the establishment of such a Central Authority could

not, it was emphasized, justify the relinquishment of its ultimate responsibility by the Imperial Government with whom must rest the final authority on inter-racial issues and native policy. Regarding the other territories of Zanzibar, Rhodesias and Nyasaland, the co-ordination which already existed should be continued. The Commission also recommended the association of the immigrant communities with the Central Authority in an advisory capacity, the power to define and interpret 'the terms of the trust' (the principles of native policy) being vested solely in the Imperial Government. Lastly, it favoured an increase in the unofficial representatives in the Kenya Legislative Council by the appointment of four additional members nominated by the Governor to represent native interests and a corresponding reduction by four of the existing official members. Two safeguards were provided against any harm that might result from the abolition of the official majority. Firstly, it was stated that this increase should be undertaken gradually, the underlying principle being that official control in the Legislative Council could only be relaxed according to the measure in which the effective power of the Central Authority was established. Secondly, certain powers were to be reserved to the Central Authority to ensure the passing of measures for certain purposes contrary to the vote of a majority in that Council.

*Sir Samuel Wilson's Report.* The European settlers were not satisfied with the recommendations of the Hilton-Young Commission. Mr. Amery, Secretary of State for the Colonies, appointed Sir Samuel Wilson in March 1929, to visit Kenya, Tanganyika and Uganda with a view to discussing with the local Government, and the communities there the recommendations of the Hilton-Young Commission. In his report (submitted on 2 July 29), it was proposed that a High Commissioner who will be a King's Representative should be appointed. He was to rank senior to the Governors of the three territories, and was to exercise complete control—legislative and executive—over certain common services, *viz.*, Customs, Railways (including Ports and Harbours), Posts and Telegraphs, Defence and Fundamental research. In exercising his legislative functions the High Commissioner was to be assisted by a Central Council whose powers were to be limited to transferred subjects. The Central Council was to consist of the High Commissioner, as President; three officers at Central Headquarters; and seven members each from the three territories. Out of the seven, three were to be officials and four unofficials in the case of territories where there was an unofficial majority in the local Legislative Council; in the case of territories where there was an official majority in the local legislature, four were to be officials and three unofficials. These seven were to be nominated by the High Commissioner on the recommendation of the concerned who in turn was to consult unofficial members of his legislature in selecting names of unofficial members. It will be seen that since a majority of those unofficial members were Europeans, Indians had hardly a chance of being nominated to the Council. The Governor too would have an ostensible excuse for refusing to nominate an Indian unless he was recommended by the unofficial members. Regarding the voting in this Council, Wilson pleaded that the official members of the

Central Council should be free to vote and not be bound by the instructions of the local governments. The fear perhaps was that otherwise the members leputed from Tanganyika, Uganda, and Zanzibar might not be as equally helpful as those from Kenya in asserting 'civilization'; that otherwise the Council, which was to be the means of tightening the imperial grip, might not prove a instrument of unofficial white ascendancy throughout East Africa. For the same reason he extended this freedom of vote to officials in the Kenya Legislative Council. He also recommended the creation of an unofficial majority in the Kenya Council. The Hilton-Young Commission had laid down that the constitution of the Kenya Council should be changed only if the general principles of their scheme for the institution of a Central Authority were accepted. After rejecting this main principle Sir Samuel Wilson cannot invoke that commission's authority in favour of the abolition of official majority and transfer of constitutional control to the white settlers. That his two proposals or unofficial majority and freedom of vote to officials were made to please the Kenya settlers is obvious from the fact that an outline of his proposals was published in the European Press of East Africa as being 'an Agreed Scheme.' Lord Passfield, Seceretary of State for the Colonies, made it, however, clear in his note attached to Sir Samuel's Report that the Report was not to be taken in any way as committing H. M's Government to acceptance of the proposals or agreement with the views expressed therein. Sir Donald Cameron, Governor of Tanganyika, pleaded that the Indian suspicions should be allayed and further suggested the establishment of a highly authoritative and independent Committee in London to examine witnesses in public and give those who did not agree with the principle advocated even the Hilton-Young Report an opportunity of stating their views.

*Conclusions of His Majesty's Government.* The considered proposals of H. M's Government on the reports of the Hilton-Young Commission and Sir Samuel Wilson were published in June 1930 in the form of two white papers entitled Memorandum on Native Policy in East Africa and Statement of the conclusions of H. M's Government in the United Kingdom as regards closer union in East Africa. They proposed the appointment of a High Commissioner to supervise Kenya, Tanganyika and Uganda with two-fold duties as Chief Adviser to the Secretary of State on native and other policy and 'as administrator and legislator in respect of certain "transferred" services in the three territories like railways, ports and harbours, customs, defence, posts, telegraphs and telephones, extradition, Central research etc. In respect of these duties, he was to be assisted by a Council consisting of three officers on the High Commissioner's staff and twentyone members, seven each for the three territories. He was to nominate all the members and out of seven members from each territory four should consist of official and three non-official members. It was also laid down as safeguards that in selecting these members, he should have regard as far as possible to the representation of each racial or other section of the community and that he might require any measure passed by the Council to be referred to the Secretary of State for the Colonies for the signification of His Majesty's plea-

sure and should on the request of any three members of the Council so refer any measure passed by the Council. The constitution of the Kenya Council remained substantially unchanged and so was the official majority.

In a memorandum submitted in July 1930, Indians pleaded that if in spite of Indian protest, a Central Council should be established, the number of official and non-official members of the High Commissioner's Council appointed from each territory should be equal, that Indian and European non-official members both in the Council and the committees should be in equal proportion, and that one of the private secretaries to the High Commissioner should be an Indian. The fears of the Indian community were best expressed by the Government of India who in their Despatch to the Secretary of State for India dated 24 December 1930 stated that the policy of the Central Authority was 'bound to be affected by the political ideals of the European settlers in Kenya' which were complete political domination of non-whites by whites and such a policy would 'eventually develop into the Kenya-ization of all the countries directly affecting the secure position and equal status of the Indians with the rest of the population under the Mandate.' There was the danger of the safeguards provided under the Mandatory system, far from being extended to Kenya and Uganda, being nullified in Tanganyika itself.

In the foreword to the 'Statement of the conclusions of His Majesty's Government in the United Kingdom as regards Closer Union in East Africa', referred to before, the setting up of a Joint Select Committee of the two Houses of Parliament was visualised and the Committee was set up in November 1930. Mr. Sastri went to London on behalf of the Government of India. The report of the Committee was published on 2 November, 1931. The conclusion reached by the Committee in regard to closer union was that the time was not ripe for taking any far-reaching step in the direction of formal union. In August 1932, the decision of H. M. G. was published in a Command Paper entitled 'Correspondence (1931—32) arising from the Report of the Joint Select Committee on Closer Union in East Africa.' As regards the question of Closer Union H. M. G. accepted the view of the Committee that apart from the considerations arising out of the mandatory position of the Tanganyika territory, the time had not arrived for taking any far-reaching step in the direction of the formal union of the several East African Dependencies.

*Recent Portents.* The efforts for the consolidation of these territories into a white empire continued. Two years before the declaration of the war Gen. Hertzog endeavoured to secure for the Union of South Africa some control over the Rhodesias and Nyasaland. The appointment of the Bledisloe Commission in 1938 to report whether any and if so what form of closer co-operation or association between the Rhodesias and Nyasaland was feasible shows the direction in which the mind of the Imperial Government had been working. The Commission did not discountenance union but only stated that immediate amalgamation was not desirable. There are also the more ominous signs of British policy in the establishment in October 1944 of a Standing Central African Council to deal with the affairs of the Rhodesias and Nyasaland

and of the East African Production and Supply Council and the extension of the work of the East African Governor's Conference Secretariat in certain respects. The Standing Central African Council is to be permanent with a permanent Secretariat to promote close contact and association among the governments of the two Rhodesias and Nyasaland and their administrative and technical services. Southern Rhodesia has suggested a political amalgamation of all the colonies though the suggestion was negatived by H. M.'s Government. This offers no consolation as the consolidation of economic relations on a regional basis is but the thin end of the wedge of ultimate political union. The new restrictions on the immigration of Indians and the offer of attractive terms of settlement to the Whites of Defence services with no Indian member on the Civil Reabsorption Board will, by accelerating the relative growth of the white population, strengthen the European position in their efforts.

Already on 4 January 1945, the Kenya Legislative Council passed a motion, similar to that passed earlier by Southern Rhodesia, asking the British Government to invite Smuts to arrange a Pan-African Conference immediately. In spite of the solid opposition of the Native and Indian members of the Council, the Governor assured support to the resolution on behalf of Kenya. At San Francisco, Smuts has demanded that the ex-German colonies in Southwest Africa should cease to be mandates and should be forthwith incorporated in the Union. And there is no warrant to think that Britain will not back Smuts in his demand. The East and Central African territories are larger than the whole of the Indian Empire together with Burma and Ceylon. Hence their union into a white Pan-African Federation will mean the establishment of another British Empire in the heart of Africa with inspiration provided by Smuts' South Africa.

#### INDIAN VIEWPOINT

To understand the viewpoint of Indians in regard to this question, we must go back to the Kenya White Paper of 1923. The White Paper on Indians in Kenya was the result of an agitation on the part of the Kenya White settlers protesting against the Wood-Winterton agreement between the India Office and the Colonial Office in 1922 which had favoured Indians on the question of a common electoral roll. The consequent cancellation of the agreement created distrust in the mind of the Indians regarding their position in East Africa as they feared that they would be dominated by the Kenya white settlers. Closer Union, to their mind, would lead to that domination.

Indian fears were enhanced in 1927 when the Hilton-Young Commission whittled down the declaration of 1923 by interpreting that 'the native interests are not intended to prevail to the extent of destroying the interests of immigrant communities already established and that their paramountcy must be subject to this limiting condition.' So far as co-ordination of economic and administrative policy was concerned, the East African territories were already co-operating in respect of transport, posts, customs and scientific research. But it became altogether a different question when, under the mask of adminis-

trative co-operation, a political union was sought to be imposed on the basis of white supremacy. Moreover, regarding Tanganyika, except in the sphere of scientific or technical services, it is impossible to secure co-ordination without infringing the provisions of the Mandate or impairing the autonomy of this territory accorded to it under Article 22 of the League of Nations Covenant. Hence Indians have pleaded that Tanganyika be kept out of any Union. Indians also feel that closer union for economic and administrative purposes could be obtained by methods other than the creation of political federation. In 1927, they pointed out that it could be achieved by the development of the conferences of the Governors and the other officials, an extension of the subjects dealt with by such Conferences and of the powers of both the Governors' Conference and of the conferences of specialist officers so as to enable them to call for reports from the Governments concerned and to offer advice. All these recommendations were, however, subject to the proviso that except in matters exclusively the concern of experts, the Indian and native non-officials should be represented in the conferences equally with Europeans.

The question of Closer Union apart, it is interesting to note, as Mrs. Sarojini Naidu said in her Presidential Address at the 1929 session of the East African Indian National Congress, that Indians in East Africa and the natives would ask for the retention of control by 'an impartial Government in England' until such time as the African population had been sufficiently delivered from social bondage, and had become 'intelligent enough to obtain knowledge and understanding.' Indian opposition to the relaxation of imperial control and to a non-official majority is based on the experience that a non-official majority would in practice prove to be a non-official majority of Europeans, elected or nominated, who would become virtually an irremovable oligarchy. The Hilton-Young Commission itself testified to the fact that already 'in Kenya unofficial opinion has in practice obtained a much larger influence in the counsels of government than accords with the strictly constitutional position' and that the control of the Secretary of State was 'in practice subject to limitations which make its exercise difficult.' So Indians favour the retention of the official majority till the natives could be deemed to have advanced enough to be represented by themselves. Regarding the Kenya Legislature, even the Indian Government felt constrained to say that they would favour the majority recommendation of the Hilton-Young Commission only if the change of increased substitution of official by non-official representation was not meant to be the beginning of a process which was to end in the establishment of European unofficial majority. If, however, the official majority was to go, Indians demanded that the representation of natives should be by natives themselves, but that if non-natives should be chosen for the purpose, Europeans and Indians should be chosen equally. Unless Indians were appointed equally with Europeans to represent natives, European representation of natives could not but be construed as a subtle device for indirectly inflating the non-official European membership.

## LIST OF INDIAN OVERSEAS ORGANIZATIONS

## GREAT BRITAIN:

Indians Overseas Association, Danes Inn House, 265, Strand, London,  
W. C. 2

## CANADA:

The Khalsa Diwan Society, Vancouver, British Columbia.

## EAST AFRICA:

1. The East African Indian National Congress, Nairobi.
2. The Central Council of the Indian Association in Uganda, Kampala.
3. The Indian Association, Tanganyika Territory, Dar-es-Salam.
4. The Indian Association, Mombasa.

## SOUTH AFRICA:

1. Natal Indian Congress, Durban.
2. Transvaal Indian Congress, Johannesburg.
3. Cape Indian Congress, Cape Town.
4. The South African Indian Congress, Johannesburg.

## WEST INDIES:

1. East Indian Progressive Association, Kingston, Jamaica.
2. The East Indian National Union of Smith Village, Kingston, Jamaica.
3. The East Indian Association, Jamaica.
4. British Guiana East Indian Association, Georgetown.
5. Islamic Association of British Guiana, Georgetown.
6. Sanatan Dharam Sabha, Georgetown.
7. Indian National Congress, Trinidad.
8. East Indian National Association, Trinidad.
9. Sanatan Dharam Association, Trinidad.
10. Trinidad East Indian League, Trinidad.

## Fiji:

1. The Kisan Sangh, Suva.
2. The Indian Association, Nadi.

## CEYLON:

Ceylon Indian National Congress, Colombo.

## MAURITIUS:

1. Indian Planters' Association.
2. Indian Labourers' Industrial Association.

## BURMA (now in India):

1. Burma Indian Association, 70 Bhaga Talao Road, Surat.
2. Burma Indian Association, 68 Rajgarh Road, Lahore.
3. Burma Indian Chamber of Commerce, Scindia House, Bombay.
4. Burma Nattukkotai Chettiar Association, 106 Armenian, Street, Madras.

# INDIA AND THE WORLD\*

## INDIAN REACTIONS TO EVENTS ABROAD

THE most striking events during the quarter were, in Europe, the collapse of Germany and, in the East, the advance of Allied troops to Rangoon. The reactions of Indian opinion to such events in Europe as the resignation of Plastiras in Greece, the formation of the Austrian Provisional Government and the Russo-Polish Treaty, the sensational developments in the Levant, and to the developments in the Far East are also noteworthy.

Indian reactions to the fall of Germany and the personal drama of Hitler and Mussolini, as to the other events, reflected her traditional anti-Fascist and anti-Imperialist ideology. The fall of Berlin was hailed as the end of the arduous journey, sealing not merely the fate of Hitler but that of a nation. Indian mind was switched back to Hitler's prophetic statement that in this war there would be no victors and vanquished but only those who would survive and those who would perish. While little idealism inspired the war, there were brief but imperishable chapters of glory and heroism—Dunkirk and Arnhem, the epic battle of Stalingrad, the bold stand at El Alamein, the stupendous sacrifices of the underground resistance groups and the brief but heroic battle of Berlin. Adm. Doenitz was seen vainly struggling to stem the death-rattle of the Third Reich by a preliminary preference of surrender to Anglo-American as against the Russian authorities. As usual, Britain won only one battle in the war and it was the last one while Hitler won many—too many—which proved his undoing. In the flying of the Red flag over the Reichstag as Hitler was reported dying was noted the symbol of new changes. His alleged death in the nick of time appeared to have been well-timed like the catastrophe of a Greek drama and the mystery that was associated with his disappearance seemed the final stroke of Nazi propagandist genius. The Hitler legend thus built up might, it was apprehended, serve as a rallying-point of patriotism for Germany which had tasted the pride and glory of power under his leadership.

The war of 1939 was the child of the peace of 1919 and as Clemenceau sadly confessed after the last war, there are both grandeur and misery in victory; the grandeur in the military success and the misery in the making and maintaining of Peace. Grass grows quickly over the battle-fields but the peace table replete with the dragon seeds. The era of Versailles proved an era of lofty dreaming and low demagogery. While Hitler learnt a wrong lesson from Germany's defeat in the last war, he had left a legacy which might disable Germany from learning a better lesson from the war just concluded. Nor was the behaviour of the Allies helpful in this respect. An outburst of vindictiveness seemed overhanging in the name of the trial of war criminals, reparations and vicarious persecution of the common population in the attempt to strangle the German nation. The supreme issues of freedom and equality of all nations irrespective of race and colour and the promises of the Atlantic Charter threatened to be stamped into the background in favour of a reversion

\* This section, a factual survey, is prepared in the office of the Council.

to the *status quo ante-bellum*. With a lacerating heart, India remembered that, for having fought in the battle-fields of Europe and Africa to liberate other countries, she was once again left to greet the splinters of her own freedom. With Germany humbled to the dust and Russia striding like a colossus from the Baltic to the Black Sea and across Iran and the Asiatic Steppes to the shores of the Pacific, Churchill, who claimed the armistice of 1918 with the epitaph 'for history, Germany, it is enough,' will brood over the result of this victory as Napoleon did in the streets of Moscow. As the ideology behind the Russian triumph, communism appeared to have given a good account of itself and emerged successfully from the terrible ordeal forced upon it by the counter-resolutions of Hitler and Mussolini. This and other aspects of the storm and agony of the expiring order might, however, be left to the inquest of history.

Allied victory in Europe had its repercussions on British politics: The exit of Churchill's Coalition Government on 23 May was regarded as the logical sequel of the changed perspective with the fall of Germany and the emergence of differences between the two main parties on social and economic reconstruction at home and relations with foreign powers. Labour could no more countenance the continuance of the wide exercise of power by Churchill which was tolerated as the prerogative due to him as war leader, for it went against the grain of English tradition. India remembers Churchill as a romantic 'imperialist who whimpered: 'the loss of India would mark and consummate the downfall of the British Empire. . . . The truth is that Gandhism and all it stands for will, sooner or later, have to be grappled with and finally crushed.' (*A. B. Patrika* 26 May). From the world point of view it was pointed out that Churchill's flirtation with Russia during the war was pure opportunism and his real attitude to Russia was obvious from his description of Russia, so early as 20 January 1940, as 'abject and hungry in peace' and 'base and abominable in war.' To Asiatic nations, Churchill is familiar as one who tore the Atlantic Charter to tatters. Hence the return of Labour Government to power was deemed as the lesser of the two evils in spite of the feeling that the chances of its success were not high.

*Allied entry into Rangoon.* Allied entry into Rangoon on 3 May 1945 was, it was stated, the beginning of the end of the war in the East. The strategic fact was noted that though Rangoon was an excellent base for an all-round offensive, it was difficult to defend as was proved in 1942 and again on 3 May, when it was reconquered. This return to South Burma was expected naturally to form a part of the next phase of the Allied offensive in South-east Asia.

The reconquest of Rangoon and the partial liberation of Burma raised the whole question of the future of Burma: the result was the Burma White Paper issued on 17 May 1945. The Indian Press saw this White Paper as a concrete reaffirmation of Churchill's policy: 'we hold what we have.' Regarding the justification for the Governor's rule with official advisers upto 9 December 1948, it was asserted that, as reported by Governor Sir Reginald Dorman Smith in his report to H. M.'s Government in 1942, the military unpreparedness on the part of Britain was as much responsible for Japanese

occupation as the want of loyalty among influential Burmese leaders which was only due to the British record of broken promises. Hence her shattered economic fabric under Japanese occupation could not be botched into an argument for the imposition of Governor's rule. Besides, while in Greece rented with civil strife, in Belgium, Yugoslavia and Italy, ex-enemy countries, popular rule was immediately restored in spite of serious internal dissensions and disorder, why should Burma, which was the first Asiatic country to be re-occupied, be singled out for the British Governor's rule? While in the liberated countries of Europe, representative national Governments were considered indispensable for purposes of economic reconstruction, why should a reverse policy be adopted in Burma? Did Burma undergo four years of agony to be told that what was good for the white gander was not good for the brown goose? The postponement of even self-government as it existed before the war for three years, the absence of a fixed date for the realization of Dominion Status unlike even the Conservative Blue-Print which set down a maximum of six years for the 'launching' of Dominion Status, the reservation of British 'continuing obligations' and the administration of scheduled areas such as the Shan States to H. M.'s Government even after Burma had obtained self-government at the end of the third stage envisaged in the White Paper—confirm the suspicion that the White Paper proposals were intended to re-establish and tighten the stranglehold of British commercial interests in Burma and then make these vested interests an ostensible excuse for the retention of ultimate power in British hands. The reference to the impossibility of holding elections in Burma for the restoration of constitutional government was dismissed as a pecksniffian apologia by reference to India where elections had not been held even though none of the reasons adduced in the case of Burma existed therein. The reference to the necessity for sufficient agreement amongst the Burmese people—of which agreement Britain would be the sole judge—as a condition precedent to be helped after 1948 to progress towards responsible government, is a part of the same stereotyped language and flapdoodle promises which have shown a convenient knack of never reaching the stage of fulfilment in regard to India. After drawing pointed attention to the forms of freedom that Japan had established in the shape of a Burmese Head of State, Burmese Commander-in-Chief, Foreign Minister, Ambassadors and Civil Service, it was affirmed that if the Burma Independence Army had, as claimed by Amery, realized the hypocrisy of the Japanese professions of conferring independence on Burma, it was no less true that the White Paper had demonstrated to the Burmese and the whole of Asia that Burma was not liberated for the Burmese, but only re-conquered for the British.

*Greece.* The resignation of Plastiras on 7 April 1945 at the Regent's instance was received as another step towards the restoration of monarchy in Greece to which the latter seemed to have committed himself. It was forced by the Regent so that Plastiras might not become so powerful as to defy him with impunity. The statement in the Regent's letter to Plastiras, that the latter's Government was not of a character required to dispatch the business of creating

the prerequisites for the resumption of normal political life, was construed to refer to the plebiscite which was to decide the fate of monarchy. In this connexion, the plebiscite of 1935 was recalled when Gen. Kondylis rigged it up in favour of the King who then restored the full interest payments, which were reduced by the Republican Government in 1935, to the British bondholders of the Greek national debt. The selection of Admiral Vulgaris, who quelled the 1944 April rebellion among the Greek naval units at Alexandria, as successor to Plastiras, was, it was stated, a significant pointer. Unless an all-party government was established, history would repeat itself, Admiral Vulgaris playing Gen. Kondylis. Adverting to the fact that King George's henchman, Col. Zervas was given more money and arms compared to the trickle that went to the EAM for guerilla warfare, though the EAM was the largest of the Resistance groups, it was emphasized that Churchill would do his utmost to foist the monarchy on Greece.

*Austrian Provisional Government.* Joseph Grew's declaration of non-recognition of the Austrian Provisional Government formed on 29 April and Anglo-American suspicion of it as 'Moscow-sponsored' drew a sardonic smile. Attention was drawn to the fact that there were only three communists in that Government of thirteen and that Dr. Renner, the Chancellor, was an old Social Democrat. Even Reuter had admitted that the composition of the Cabinet was broadly representative of the democratic forces in Austria. Exiled Austrians in London had also welcomed it. Further, until the final terms of the peace settlement were drawn up, an Allied Control Commission in Vienna would look after Austrian affairs. Hence there was no question of Russia having thrown a spanner into the wheel of Allied unity. Nor had the Anglo-American objection that it was undemocratic any moral basis. For, the responsibility for the failure of democracy in Austria should be shared as much by the Anglo-French diplomacy as by the Austro-Marxists Baner and Adler. It is to the credit of the Austrian working class that they fought splendidly in defence of the Republican constitution. And how could it be forgotten that, when Hitler rushed to annex Austria, her guarantor powers had coolly left her in the lurch without so much as even a pretence of protest?

*Russo-Polish Treaty.* The conclusion of a twenty years Russo-Polish Treaty of friendship, mutual assistance and post-war collaboration on 21 April 1945 between the Soviet Government and the Lublin Government (before the formation of a new Polish Government of national unity and the San Francisco Conference) was interpreted as an attempt on the part of Russia, as the only Socialist State in a capitalist world, to build up her own security system in Europe. In confronting the United Nations with a *fait accompli*, Stalin gave another demonstration that he was determined to have his way. This also showed up the cracks in the façade of Big Three unity and the complex of power politics dominating European diplomacy. Note was taken of one of the clauses of the Pact which assumed the division of Europe into two and placed Poland permanently beside Russia. It was observed that besides giving a new twist to the controversy, the Pact had also given a new turn to security. Spotlight was turned on the uniform clause in Russia's treaties with Poland, France and

Czecho-Slovakia that 'in the event of one or other of the High Contracting Parties finding itself implicated in hostilities with Germany or as a result of circumstances mentioned in Article 3, the other party will immediately bring it all the aid and assistance in its power.' This clause, it was argued, was premature from the point of view of collective security and incompatible with the Dumbarton Oaks scheme besides going beyond the regional understandings envisaged by the protagonists of an alliance among Britain, France and the Low Countries.

*Levantine Crisis.* The Levantine crisis engendered great sympathy with the Arab nations in their struggle for freedom from French domination. The French contention that the despatch of the Senegalese troops to Beirut on 4 May 1945 was intended to establish an intermediate base for sending reinforcements to the Far East and that three divisions could not have constituted adequate justification for provocation was criticized on the ground that no freedom-loving country could tolerate foreign troops landed on its territory without prior consent. The Syrians and the Lebanese were, it was argued, right in feeling that the troops were brought in to rush through the projected negotiations at the point of the pistol. Regarding the subject of negotiations, why should France demand special cultural, economic, commercial and strategic concessions when even American, Belgian and British commercial interests had not asked for them? The declaration of Levantine independence by Gen. Catrou in 1943 and its joint guarantee by France and Britain should be respected by France if she was to deserve her own newly won freedom.

While approving British intervention on behalf of the Levant, Indian opinion was amused at the British rôle as a defender of freedom; it considered the British position in Iraq similar in substance to the French position in the Levant. By flaunting its sympathy with the Levant, the British practically told the French that there were two standards of political morality one applying to them and the other to the French. De Gaulle looked to the British pact with Iraq as the pattern for French claims in the Levant and hence though France was a great Power only by courtesy, she was able to advance imperialist claims because of the guilty hands of Britain. Why did Britain intervene? The reason was not a spurt of sudden love of liberty, but her interest in the air, land and sea routes of the Middle East. Secondly she was interested in wooing the Arabs for oil resources. She also knew that Russia was equally interested in wooing the Arabs for oil and hence would not intervene on behalf of the French. Thus Britain braved to take a determined stand.

India saw wider issues at stake in the British intervention and American support to her. The British Government was not prepared to allow 'development in Syria or the Lebanon to create a situation which interfered with the prosecution of the war in the Far East.' But a similar situation was created in India by Churchill himself and the only method adopted was suppression by an iron hand while the American attempt at intervention met with a rude rebuff. And how could it be ignored that the crux of the Levantine crisis was the same problem of freedom facing the four hundred millions of Indians? The irony was noted that just when San Francisco was discussing the Mandates question

and the problem of fitting in regional pacts into a scheme of world security, these two French Mandates which were members of the newly formed Arab League threw a test for San Francisco. After recalling the Sykes-Picot Pact of 1916 which provided for the division of Arab lands between Britain and France, and referring to the recent British proposal for broadening the Middle East Supply Council with American and Russian representation for avoiding rivalry in exploiting the Middle East and as a counterblast to the formation of the Arab League, it was asseverated that what stood to be rid was not only French chauvinism but also the sanctimonious pledges and professions of the Big Powers. 'Revolt in the desert has bitter memories for Britain as well as for the Arabs and to repeat the folly of letting down the Arabs after promises of Independence at the end of the last war, is to ask for bloodier dividends.' (*Dawn*, 1 June 1945.)

De Gaulle's suggestion for a Five Power Conference as against the Anglo-American proposal to exclude Russia and China was regarded as an attempt to place Britain also in the dock, so that by these tactics, France might evade the logical consequence of British intervention, viz., the recognition of complete freedom of the Levant. China's presence at the proposed conference was not favoured because, with the Japanese war still to be won and delicate questions like the return of Hong-Kong still unsettled, China could not be expected to offend Britain and America. Whether ultimately a Three or Five Power Conference was held, it was asserted that Syria and Lebanon should be represented in the Conference. If the Big Powers decided their fate without their representation, it would mean a return to the pre-war power politics and staging of another Munich where the Big Four sealed the fate of Czecho-Slovakia ignoring President Benes' request for participation in the talks. 'The events in the Levant have served to show at an opportune moment where the seeds of future conflict lie and the basic conditions of a durable peace.' (*The Hindu*, 5 June 1945).

*Developments in the Far East.* The two outstanding developments in this region are the Russian denunciation of the Russo-Japanese Neutrality Pact of 1941 and the Cabinet changes in China.

In regard to the Russian denunciation on 5 April 1945 of Russo-Japanese Neutrality Pact of 13 April 1941, the Indian feeling was that Russian participation in the war against Japan was virtually certain, though caution was shown in regard to its imminence. If the denunciation meant no renewal of the Pact on its expiry, it meant no violation either for the remaining one year. By denouncing it on the eve of San Francisco, Russia cleared the decks for the Conference. Russian participation against Japan was forecast by reference to her natural interest in the outlet on the Pacific *via* the seas of Okhotsk and Japan which was the chief cause of the Russo-Japanese war of 1904-05. Following the defeat, Russia had to cede to Japan her port rights at Darien and the north-south railway in Manchuria. After the World War I and the Russian Revolution, Japanese troops invaded Siberia along with the British and American Expeditionary forces and stayed in Vladivostok until 1923. Since the conquest of Manchuria, the famous Japanese Kwantung Army has been planning the conquest of East Siberia. In discountenancing the imminence of Russian

## ASSOCIATIONS IN FOREIGN COUNTRIES

participation, it was pointed out that the Kwantung Army would have to face well-organized Russian Siberian troops. While strategic advantages in the air lay with Russia, there was the danger of Vladivostok and the Siberian maritime provinces being cut off by quick Jap thrusts. The Russian railway system across Siberia is also vulnerable to attack from the air.

The decision of the Sixth National Kuomintang Congress adopted on 15 May to convene a National Assembly on 12 November was welcomed. Though it would have been, if possible, better for an all-party Congress to have convened it, it was not improper for the party in power to take steps for the devolution of authority. One of the most serious impediments in the path of national unity was removed by the resolution to abolish all existing Kuomintang headquarters in armies and thus seeking to abolish the party character of the national army. The other resolutions relating to provisional political councils, censorship etc. turned the emphasis from war to peace. These Kuomintang measures, it was felt, ought to forestall the necessity for Russian recognition of the Yenan Government as predicted by Mr. Drew Pearson. Chiang Kai Shek's resignation of Premiership and its assumption by Dr. Soong was but an attempt to free the former from the mere day-to-day administrative responsibilities, for he still continued to be the head of the State, and leader of the nation. It was perhaps also meant to strengthen the hands of Dr. Soong in his forthcoming Moscow talks.

### ASSOCIATIONS IN FOREIGN COUNTRIES INTERESTED IN INDIA

#### 2. AUSTRALIA-INDIA ASSOCIATION

The Australia-India Association was formed in October 1943 with Prof. Elkin as its President in order to foster friendly and cultural relations and mutual understanding between Australians and Indians. This aim was to be achieved through publication of periodicals and pamphlets, exhibition of Indian art, music and dancing, interchange of students and lecturers between educational institutions in Australia and India, and interchange of visits between public and other bodies and between representative men and women in the two countries. The Association intends to form in India a similar organization to achieve the same purposes.

The Executive Council of the Association has, besides the President, three vice-presidents and two joint secretaries. The Life Membership fee of the Association is £ 10, 10s. and membership fee per annum 5/-. The Head Office is situated in Sydney, New South Wales.

Among the activities of the Association, may be mentioned the series of instructive lectures on India by Prof. Sadler, Sir Bertram Stevens, Sir R. P. Paranjape and Mr. Sakesana in the year 1944. To develop a wider knowledge of India, a series of essays in Australian public schools have been planned. A colour music evening, with a display of Indian dancing, was held in February 1944, in the suburb of Greenwich to raise funds for the Association. The Eureka Youth League celebrated 'India Week' in the various branches of the League

for the same purpose. At the instance of the Association, the Lord Mayor of Sydney raised the Lord Mayor's Indian Famine Relief Fund for relieving the distress caused by the Bengal famine in 1943. The Association also arranged picnics for Indian seamen. Lastly it is doing a very valuable service by publishing a Bulletin of the Australia-India Association to keep Australians informed on the various developments in India.

## ASSOCIATIONS IN INDIA INTERESTED IN FOREIGN COUNTRIES

### I. ALL-INDIA FRIENDS OF THE SOVIET UNION

The All-India Friends of the Soviet Union was formed in 1934 for promoting unity and understanding between Indians and Russians by popularizing among the former the social and cultural achievements of the latter. It is an all-India body co-ordinating the activities of the provincial organizations through publication of a periodical organ and bulletins and maintenance of contact with organizations in Russia. Under Article 6 of the Constitution, the Executive Committee of the A. I. F. S. U. consists of a President, Vice-Presidents not exceeding six, a general secretary, two joint secretaries, a treasurer and not less than fifteen other ordinary members. At the first conference of the A. I. F. S. U. held in Bombay in June 1944, Mrs. Sarojini Naidu was elected President.

The A. I. F. S. U. has branches functioning in Bombay, Bengal, Punjab, U. P., Sind, Bihar, C. P., Gujerat, Maharashtra and Andhradesa and also in the Indian States like Indore, Gwalior, Baroda, Kashmir, Hyderabad and Mysore. The total membership at present is over 15,000. The provincial branches affiliated to the A. I. F. S. U. have to remit to the latter an annual affiliation fee of Rs. 10 and also five per cent of their gross income in regular quarterly instalments. The President of the A. I. F. S. U. is elected by the reception committee of the annual conference 'from out of the list of nominees to be invited from the different Provincial organizations.'

The main activities have so far been (*i*) arranging exhibitions based on the useful material sent by the U. S. S. R. Society for cultural relations with foreign countries with a view to present a comparative picture of conditions in India and those in Russia, (*ii*) showing Soviet films on the various aspects of Soviet life and promoting their critical appreciation, (*iii*) arranging lectures for a true presentation of the Soviet Union to the Indian public and (*iv*) publishing instructive literature on all aspects of Soviet life.

The Bengal branch of the A. I. F. S. U. is publishing a fortnightly *Indo-Soviet Journal* from Calcutta.

The Office of the A. I. F. S. U. is situated at 19, Sir Phirozshah Mehta Road, Fort, Bombay.

# REVIEWS AND NOTICES

## INTERNATIONAL AFFAIRS

**INTERNATIONAL RIVER AND CANAL TRANSPORT.** By Brig.-Gen.

Sir Osborne Mance, assisted by J. E. Wheeler 1944. London and Bombay : Oxford University Press, 10s. 6d.

THIS is a publication under the auspices of the Royal Institute of International Affairs—an unofficial and non-political body to encourage and facilitate the scientific study of international affairs. It is the third of a series resulting from a study of International Transport and Communications by the same author, the first two, viz., *International Telecommunications* and *International Air Transport* having already been published.

The present study deals with matters of regulation and administration affecting waterways all over the world, examining the general situation and problems of each continent and offers some suggestions re. (i) future political control and technical development of international waterways and (ii) commercial organisation of waterways traffic. Conditions in Europe where inland waterways have a rich international history have been principally dealt with. The sources utilized in the study are numerous and authoritative, official as well as unofficial, and the arrangements are logical and scientific providing a brief review of general international organization, conditions in regard to principal rivers in Europe, Africa, Asia, and America, and the future international regime of waterways. It is a most timely and informative book which must be of great value in ensuring future conditions of peace and progress in the world.

The book should also be of considerable interest to Indian economists and statesmen, particularly at a time when various problems regarding transport co-ordination, conservation of waterways and development of inland water transport are under examination in connection with post-war reconstruction planning. Inquiries made by the League of Nations Transit Committee in 1930 revealed that many States reserved navigation on their national waterways entirely for national vessels and others placed various degrees of control seeking to restrict 'cabotage' and towing to national companies. Another committee of the same organization came to the conclusion that in the sphere of competition with rail and road transport river traffic had on the whole held its own. In various European countries the growing importance of road transport was promptly recognized by river transport interests and collaboration between river and road transport has been sought through opening up of approach of feeder roads, suitable transit sheds and jetties at inland ports and combined or through booking arrangements over road and river services.

In Europe all the important international waterways have been or are proposed to be connected with each other by canals or sections of national rivers constructed or improved to carry barges of upto 1,000 tons. The demarcation between international or national inland water transport and coastal or even overseas shipping is, as a result, undergoing substantial modification and new adjustments are likely to be called for. Moreover, it is being increasingly

recognized that inland waterways are not a preserve of transport alone. They are used for industrial, sanitary, agricultural and hydro-electric purposes among others and the future regime of inland waterways must allow for their total exploitation. The potential use of such waterways as weapons of economic and political warfare also can hardly be ignored.

In focussing attention to these and other relevant problems when the world is looking forward to a new socio-economic order for security and planned development the author has made a distinct contribution to the field of scientific studies in human relations and deserves congratulation.

N. SANYAL

**THE AMERICAN PROBLEM.** By D. W. Brogan, 1944. Indian Edition 1945 (London: Hamish Hamilton. Bombay: Thacker and Co., Rs. 6-14a.)

*The American Problem* by D. W. Brogan, first published in England by Hamish Hamilton in 1944, and first Indian edition published by Thacker & Co., in 1945, is a book of great interest both to Americans and others. The author explains that there is no more an American problem than a British or a Russian or a French problem, so that the title is a little bit misleading. It really is an attempt to gauge the significant traits of the national character and the effects which may result because of these traits upon the welfare of mankind. There is no question but that the author knows the United States at first hand and is friendly to America and Americans. He does not commit the serious mistakes of certain European writers who are misled by gangsters, racketeers, labour problems, racial friction, Hollywood high lights and the general froth and foam on the surface of American life. He brings out the point that underneath life is made of very solid material indeed.

The American disregard of convention and tradition, the national willingness to try anything once, the skill in the techniques of modern business administration and organization, the marvels of mass production and the American determination that once war has been declared nothing should stand between the nation and victory—all are given proper emphasis.

These being days in which all nations are being tested in the fires of war, I would like to quote his statement about 'The American Way in the War': 'Professional leaders of the American Army are men trained to work in obscurity and often for basically civilian objects. They learn to make great dams, to build and operate civil projects like the Panama Canal, to organize the unemployed. They enter West Point as the necessary preparation for what, in all probability, is an obscure and dull life. The professional soldier learns to avoid politics like the plague, or in rarer cases, to play that dangerous game. This small, almost anonymous body, serving in widely scattered posts had to deal with the elected representatives of a profoundly unmilitary people that only becomes warlike under great provocation. They know too, that their countrymen, brought up like all peoples to believe in a gilded version of their own history, forget that all American wars, like this one, have begun with disasters not victories. The American officer, then, must think in terms of material resources, existing but not organized in peace-time and taking much time and thought

and experiment by trial and error to make available in war-time. He finds that his best peace-time plans are inadequate for one basic reason, that *any* plan that in peace-time really tried to draw adequately on American resources would have its author written off as a madman. And in war-time, it would prove to have been inadequate and pessimistic, not allowing enough for the practically limitless resources of the American people—limitless once the American people get ready to let them be used. And only one way can get them ready for that i.e., to be attacked.

'They created the great rail and shipping organization in France in 1918, which would have enabled Foch in 1919, to deliver "that blow that cannot be parried" of which he had dreamed for forty years and which the Americans gave him the means to deliver. But, like the Negro playing possum in the American story, the Germans surrendered, "Don't shoot, Colonel, I'll come down."

Of the American common soldier he says: 'In the Civil War Grant's army was hardly more dressy than its shabby Commander but Sherman's army loping along, with open necks and hardly any standard equipment, hardened and lithe, confident and brash, this was an American army, formidable, enterprising, humane and ribald. Nothing could have been less like the armies of Europe than that and the world was not to see a comparable sight again till the (British) Eighth Army emerged from the desert.'

Finally the author says: 'The American problem is the British problem, the French problem, the Polish problem, the reconciliation of real national autonomy, of real national tradition, with the needs of a new world society.' Because the Americans have conquered a continent wild and untamed and have moulded diverse peoples into one unified people, he concludes that they have a considerable contribution to make this new world society.

E. D. LUCAS

#### BRITAIN AND THE WORLD. By H. A. Wyndham. (London : Institute of International Affairs. 1s.)

Under the general title 'Looking Forward' the Royal Institute of International Affairs is publishing a series of pamphlets on the international aspects of reconstruction. Among the earliest is one on 'Britain and the World' by the Hon. H. A. Wyndham. It is a well-arranged assembly of facts, developed in reasonable perspective. The author writes clearly, avoiding those technicalities so often found in similar surveys, and presents a well-developed thesis in the space of 60 pages.

He begins with a study of the foundations upon which Britain built her power in the nineteenth century and points out how these principles of her policy had already become unstable before the first World War; and how collective security, disarmament and equality of trading conditions, the new governing principles adopted after the War, also failed of their purpose.

In the second section, Mr. Wyndham deals with the conditions of a durable peace, and their application in areas of special interest to Britain. He stresses

the contribution which 'imperial unity' and 'collaboration' can make to the general welfare of the world and pays particular attention to England's relations with the United States and Russia.

Finally, in his third and last section, these wider issues are linked up with Britain's problems at home, on whose solution, depend her economic stability, her social security and her future prosperity.

It is the second section of the book that will rouse most controversy; for in it, the author visualizes for Britain the same supremacy in the post-war world that she has so far enjoyed. True, he does not claim it so bluntly; and he tempers his imperialist fervour to suit the times. But his claim that, wherever Britain has colonized in the past, she has brought material prosperity and a higher standard of living for the natives, his statements that in 70 years, Britain changed Malaya from 'a jungle' into 'the world's greatest single producer of tin and rubber,' and that, in the same period, Hong Kong, a granite rock became one of the world's largest *free* ports, show how his mind works. His trend of thought is even clearer, when he goes on to say : 'The ideas that Hong-Kong should be "given back" to the Chinese, hardly makes sense, for it was before its seizure by the Japanese, a purely British creation, of which there is every reason to be proud.'

Again, though he pays a great deal of attention to the relations of the various parts of the British Empire to each other, and though he deals with the Jewish problem in some detail, he nowhere mentions the racial antagonisms that exist in the British Empire to-day, except to say, that 'the extreme doctrine of Nazi Germany's "herrenvolk" outdoes any former Anglo-Saxon racial particularism.'

On India, the author could do better than quote from K. M. Panikkar's '*The Future of South-East Asia*', the panegyric on Great Britain's rôle, as the bringer of civilization into this part of the world.

In regard to Britain's domestic problems, Mr. Wyndham does not frankly put the case of Private Enterprise *versus* State Control, but burks the issue. Thus the whole pamphlet gives one the impression, that the author knows the unpleasant truths of the case, but does not want to face them squarely, or point to a thorough-going solution of the problems. He diagnoses the illness, but shrinks from prescribing the bitter pill.

(MRS.) G. PARTHASARATHI

#### FOREIGN BOOKS ON INDIA

GANDHI. By Carl Heath. 1944. (London. Allen & Unwin Ltd., 2 s.)

This booklet is a rare book. It is written by an Englishman with a sympathetic understanding of the principles, motives and programme for which Gandhiji stands. In substance, it says what most of us have been saying; but it is refreshing to see it being said by an Englishman so eloquently.

The author frankly confesses that Europe is passing through an era of barbarization, during which it is wholesome to understand prophetic and symbolic men like Gandhiji. 'These are sons of light' says the author; 'and although the

light has scorching danger, it is vital to essential existence.' Following Salvador de Madariaga, the Spanish statesman, he calls Gandhiji a 'man of life.'

Gandhiji has made his life the embodiment of one great idea; and that is free India. And the method to express the idea has been the redemptive power of innocent suffering. The author aptly quotes the Rt. Hon'ble Srinivasa Sastri 'sooner or later you shall have to come to Gandhi.' And 'you' have come, as the last fortnight has shown. 'The figure of Gandhi persists' to quote the author.

The author passingly touches on the humanity of Gandhiji. Referring to the question of the so-called untouchables, he adds : 'Gandhi seeks the inner reform of Hinduism in this matter. He will be no party to any greater division. And he speaks with authority, for he has never hesitated to challenge his fellow Hindus of every caste on this matter.'

Dealing with non-violent resistance, the author quotes with emphasis Smuts who calls it 'the high Christian ideal which the West has received, but no longer seriously practises.' Satyagraha has been Gandhiji's greatest contribution to the progress of mankind. And it is being so recognized by the author. The author then enters upon a vigorous defence of Gandhiji's attitude towards the war since 1939. He puts the thing with blunt frankness. Asking the Indian leaders to put off the struggle for Indian freedom, was, asking 'the Indian Mazzinis and Garibaldis to call off their struggle with the imperial occupier because of a greater impending issue as the West saw it—to call it off without any indication of their own willingness to reach in India that freedom for which they claimed to be fighting the Axis powers; and demanded India's support.'

The author sternly rebukes his fellow countrymen for the 'stupid attack' that Gandhi was an enemy of Britain and a secret friend of Japan. Discussing the Gandhi-Linlithgow correspondence of 1942, the author winds up with a pertinent question 'the soldier now sits in the place of the Kerik Elder. Will he show in his dealings with M. K. Gandhi a spiritual capacity his predecessor lacked, and touch with a creating hand of healing the same place that separates Britain from India ?'

The author in the end urges conciliation, which implies the surrender of principle, but which calls for sympathetic intelligence....'and for a keenness of will to find what religious people would call the will of God.' He feels for a transforming act; for 're-imaging people' by changing places mentally with Indian nationalists.

The author recognizes what Indian leaders have been saying. The issue of Indian freedom is a world issue. The author ends up this brilliant little piece of appreciation by saying: 'The wider world will not forget his prophetic soul. As it learns through hard and devastating suffering to put material violence finally out of its thinking and practice, and to face life co-operatively in *Satya* and *Abimsa*, birth and greatness, it will turn again and do homage to the Indian apostle who sought to make of these a daily realism and new creation, not for India only, but for all humanity.'

SPEAKING OF INDIA. *By Miriam S. Farley.* 1944 (New York: American Council Institute of Pacific Relations. 25 c.)

THE MAN INDIA LOVED : C. F. ANDREWS. *By John S. Hoyland.* (London : Butterworth Press, 4s. 6d.)

STRANGERS IN INDIA. *By Penderal Moon.* 1944 (London: Faber and Faber, 7s. 6d.)

MARTIAL INDIA. *By Major Yeats-Brown.* 1945 (London: Eyre and Spottiswoode. 8s. 6d.)

#### OTHER BOOKS

EVERYBODY'S POLITICAL WHAT'S WHAT? *By Bernard Shaw.* 1944 (London: Constable, 10s.)

Is a 'Sage' worth his keep if men of action never seek his counsel or follow his advice? In India, at any rate, this has been the acid test of sages, and India ought to know. After the battle of Kurukshetra King Yudhistara went to the dying Bhishma for advice on problems of 'post-war reconstruction.' Jawaharlal Nehru, in spite of Harrow and Cambridge, has always looked to Mahatma Gandhi for guidance. Lenin consulted the writings of Karl Marx at every critical stage in the Russian Revolution. But has any statesman ever knocked at Shaw's door for advice? Mr. Shaw still hopes that some one may turn up yet, for he says in this book: 'Lassalle and Marx made Hitler and Mussolini possible as well as Lenin, Stalin, and Ataturk.... Carlyle and Ruskin, Wells and Shaw, Aldous Huxley and Joad, are making possible the devil knows who in England.' Even a sage is entitled to his wishful thinking, and Shaw is still young for a sage. But, for the present, any appreciation of the political philosophy of Shaw must be tempered by the bleak fact that his influence on the statesmen and politicians of his age has been nil. The sage whose plays have been translated into all languages and to whom kings have paid homage is ignored even by his own disciples when it comes to the point.

As an 'enthusiast' of Shaw, I do not share the view of the late Frank Harris that a thousand years from now Shaw's only claim to immortality will be the fact that he was the subject of a bust by Rodin. I believe that the author of *Major Barbara* will live. 'Turning our backs on Undershaft and Bodger is turning our backs on life.' Here is the philosophy of *Karma-yoga* based on the unity of good and evil, which will remain true till eternity. Socialism will not exterminate Undershaft and Bodger. They will rise again in the shape of 'contradictions of Socialism.' Make no mistake about it.

Having said all this, I state my considered opinion that the book under review will rank as the feeblest and the dullest work which ever came from the pen of Bernard Shaw.

The title is misleading. The book is not merely a Political What's What; it is a Shavian Encyclopaedia, and it should have been called so, and arranged like any other encyclopaedia. There is hardly any subject under the sun in which Shaw ever took interest which is left out of its 366 pages. The theory of Conditioned Reflexes; the problem of immunity from disease and the value

of human blood as a disinfectant; architecture; the medical profession; anthropometry; astro-physics; collective farms; future life; Socialism; Fascism; money; the land question; Karl Marx; the old Testament; Darwinism; the Life Force—you will find them all discussed in this book. Mr. Shaw had no business to publish all this stuff as one book. If he objects to the idea of an encyclopaedia, he should have split up this book into a dozen booklets or more at six pence each. It is not fair that a reader who wants to know Mr. Shaw's views on the present war should keep stumbling over Shaw's protests against vaccination—not fair to Shaw, I mean.

The most trying feature of this book is Mr. Shaw's verbosity—a fatal weakness in a sage. I suspect that the playwright got the better of the sage. It is one thing for Mr. Shaw to spin his plays long enough to give his play-goers a feeling of satisfaction that they are receiving a good return for their money. But when Mr. Shaw carries the same technique (or habit?) into his political works, the result is disastrous.

It is a pity that Mr. Shaw was not brought up on Sanskrit. This would have trained him to be brief. (The furthest he went in this direction was to create Colonel Pickering, author of 'Spoken Sanscrit' in *Pygmalion*). Mr. Shaw is not unconscious of the dangers of his own verbosity. Fearing that most of his readers will lose their way in this jungle-book, he has taken the precaution to write a political summary, an economic summary, and a religious summary at the end of the book. 'I have to consider the reviews', he explains.

The book is not lacking in outbursts of wisdom. Here are a few:

'Each sovereign State claims to be the headquarters of a Chosen Race, under whose Government all other States would be better off than under their own. In Germany this is explicitly discussed, reasoned, proclaimed, preached, and finally put to the test of war. In England it is assumed in silence as a truth so self-evident as to call for no discussion among some people.'

'Nowadays the capitalist cry is "Nationalize what you like, municipalize all you can; turn the courts of justice into courts martial and your parliaments and corporations into boards of directors with your most popular mob orators in the chair, provided the rent, the interest and the profits come to us as before, and the proletariat will get nothing but its keep." This is the great corruption of Socialism which threatens us to present. It calls itself Fascism in Italy, National Socialism (Nazi for short) in Germany, New Deal in the United States, and is clever enough to remain nameless in England (my italics); but everywhere it means the same thing—Socialist production and unsocialist distribution.... It has produced a world war in which Anglo-American Fascism fights German and Italian Fascism because Fascism is international whilst the capitalists are still intensely National. If these purblind belligerents understood their position or even learnt the rudiments of politics, they would combine against the genuine democratic Socialism of the U. S. S. R. and settle their own differences afterwards when they come to partition Russia among themselves. As it is, western Fascists are combining with Russia to destroy the Central and mid-southern Fascists, and with Communist China to defeat Capitalist Japan.'

'Where Fascist parties and Communist parties are advocating the same measure of municipalization and nationalization, the same substitutes of public for private capital and control so that it is agreed on all sides that a new mine cannot be opened nor a new big liner launched without State aid; when farmers and agricultural labourers as we know them are swept away by a wave of collective farming; when even *laissez faire* is no longer distinguishable from Lenin's "New Economic Policy (N. E. P.)" of 1921, in short *when the means are all the same and the ends as distinct as black from white theories will not help voters*" (my italics). Professional etikett gives the clergyman a vested interest in sin, the lawyer in litigation, the policeman in crime and conviction, the doctors in disease, the stock exchange in gambling, the empire in poverty and slavery, and the employee in doing as little as possible for as much as he can get. All organizations of these anti-social interests tend to be conspiracies against the public.'

Mr. Shaw is a sworn enemy of the party system of Government. 'The British Party System should be scrapped ruthlessly.' Now there is no doubt that the British Party System is a local plant, and efforts to transplant it on foreign soil have failed, sometimes with disastrous results. In India, during Provincial Autonomy, the Congress insisted that the minority parties must play the rôle of 'His Majesty's Opposition,' with what results we all know. But what is Mr. Shaw's alternative? It is the system of municipal government by committees as in the London County Council. It is a pity that Mr. Shaw was never a member of the municipality of Lahore, the capital of the province of Punjab, which had to be suspended for its inefficiency and its affairs handed over to an Administrator. Lest the reader should think that this must be an example of how a tyrannical imperialism tramples under its feet the municipal liberties of Indians, I shall cite the instance of the Bannu Municipality which was suspended by a Congress Premier who reposed his trust in a Civil Servant for the task of cleaning up the mess.

Mr. Shaw is for a modification of Lincoln's definition of democracy: 'Government of the people for the people, by the people.' Government of the people and for the people by all means, says Mr. Shaw. But not *by* the people. Statesmanship is an expert's job as much as play-writing or bridge-designing. Therefore, our rulers should be elected by the people from a panel of experts selected by open competition. It sounds very nice. But we reserve our criticism till Mr. Shaw draws up a workable scheme of Government by elected experts.

After Mr. Shaw has 'debunked' everything and everybody including himself, what next? Since the beginnings of creation man has battled against the forces of nature. He has lived in a changing world without being able to control the change, or even to understand why it changed.

It is only during the last 100 years that it has become possible for him to make the bold attempt to conquer his environment and mould it according to his will. The greatest obstacles in his way are, as Mr. Shaw admits, 'organizations of anti-social interests which tend to be conspiracies against the public.' To show how to remove these obstacles is the first job of a sage, and I cannot bring myself to concede that sage Shaw has done his job well though he had fifty years to do it. Mr. Shaw has 'debunked' the world: The question,

however, is how to change it. This book, or any other book written by Shaw gives no answer to this question. That is why all Lenins, or Stalins or Ataturks only pause before sage Shaw's shop-window but never walk in to buy anything from him. He might as well remove the sign-board now.

SHANTI DHAVAN

WAR-TIME PRICES. *By P. J. Thomas. Oxford Pamphlets on Indian Affairs, 18, second edition. 1944 (Bombay: Oxford University Press, 6 as.)*

War-time prices is a fascinating subject, and a study of it, on however limited a scale, by a person of Dr. Thomas' eminence naturally raises great expectations. The aim of this Pamphlet is to explain the nature of the war-time rise in prices and to urge the public to save as much as possible so as not only to help the war effort but also to improve their own position in the post-war period!

If the argument simply is that one must spend as little of one's income as possible when the purchasing power of the currency has gone down, so as to be able to utilize the saving thus made in the future when prices fall once again, well, that is elementary commonsense, and one does not need any very elaborate arguments to demonstrate this. The pertinent issue is, therefore, the analysis of the causes and consequences of inflation, or whatever else one might call it. The question is: Has Government's policy of financing the war been sound?

The author has given an excellent summary of the evils of inflation: 'Inflation is an inequitable system of regressive taxation. It places the burden of war on the weaker shoulders of the poorer classes and gives inordinate profits to the business community. Inflation thus aggravates inequalities of distribution. It makes the rich richer and the poor poorer. The higher the rise of prices, the greater is the burden of wage-earners and persons with fixed incomes.... The higher the rise of prices, the more disastrous will be the evils of deflation, which generally follows such wars.' Yet, Dr. Thomas has not a word of reprimand for the Government! He even offers an apology for Government policy, and harps on the external strength of the rupee, which, as everybody knows, is entirely artificial.

One of the arguments advanced here in favour of saving is that it can give a powerful initial impetus to capital formation and thus enhance India's prosperity in the post-war period. Is this true? The money saved by the people in response to such exhortations is to be utilized for financing the war; it is soon to go out and become income. Under war conditions such savings do not stimulate investment, specially investment of a type necessary during peace-time. It is difficult therefore to enthuse over Dr. Thomas's vision of India becoming, through war-time saving, 'a United States of the East, with a prosperous countryside, advancing industrialization, growing purchasing capacity and rapidly rising standards of living.'

J. J. ANJARIA

POONA: A SOCIO-ECONOMIC SURVEY. PART I ECONOMIC. By D. R. Gadgil, assisted by the Staff of the Institute (Poona: Gokhale Institute of Politics and Economics. Rs. 15).

The book under review is a welcome addition to the meagre literature that we have concerning urban economic problems in this country. It gives the results of a Survey planned in 1935 and completed in 1936-37. Besides relying on published statistics, the authors have collected original data through a Household Census and a census of Establishments conducted according to the method of random sampling, although, unfortunately, the original sample could not be adhered to rigidly. Besides giving a historical survey, the book provides detailed information regarding the population, trade, industries, transport occupational distribution of earners and family incomes for the city and suburbs of Poona. The Survey is expected to serve as a guide to all those who would like to undertake similar surveys elsewhere in India. It is a pioneer work in its own class.

M. V. MATHUR

#### ARTICLES ON INDIA IN FOREIGN PERIODICALS

##### Cultural

THE UNSTUDIED EAST. By H. G. Rawlinson, *The Spectator*, 13 April 1945.

A plea for a better study by Englishmen of India's history, literature, art, philosophy and religion as a means of promoting understanding between the two peoples.

THE ELEMENTS OF INDIAN MUSIC. By Dennis Gray Stoll, *Asiatic Review*, April 1945.

THE APPRECIATION OF INDIAN ART. By Barbara Whittingham-Jones, *Asiatic Review*, April 1945.

##### Economic

PROBLEMS OF SOCIAL SECURITY FOR INDUSTRIAL WORKERS IN INDIA. By A. N. Agarwala, *International Labour Review*, January 1945.

Mr. Agarwala surveys the various proposals for the institution of social insurance in India particularly from the time the Government of India approved the principle underlying the draft Conventions of the tenth International Labour Conference of 1927 on compulsory sickness insurance down to the Adarkar Scheme of health insurance for industrial workers (1944).

BRITAIN'S INDIAN MARKET—PAST, PRESENT, AND FUTURE. By Sir Thomas Ainscough, *Asiatic Review*, April 1945.

In the light of a survey of trade trends in the past and the present, the writer makes constructive suggestions to the British manufacturers to enable them to realize their hopes that 'India may once again become our greatest export market.'

AN ECONOMIC APPROACH TO THE INDIAN PROBLEM. *By Sir William Barton, The Fortnightly*, May 1945.

THE INDIAN SOLDIER AND POST-WAR DEVELOPMENT. *By Brigadier F. L. Brayne, Asiatic Review*, April 1945.

THOUGHTS ON A PLANNED ECONOMY FOR INDIA. *By Anwar Iqbal Qureshi, Asiatic Review*, April 1945.

PLANNING IN THE INDIAN STATES. *By M. H. Shah, Asiatic Review*, April 1945.

YOU CAN DO BUSINESS WITH INDIA. *By Krishnalal Shridharani, Asia and the Americas*, March 1945.

THE INDIA FOOD CRISIS NOW. *By Richard J. Walsh, Asia and the Americas*, February 1945.

RECONSTRUCTION PLANNING IN INDIA. *International Labour Review*, February 1945.

#### Political

RECONCILIATION IN INDIA. *By C. Rajagopalachariar, Foreign Affairs*, April 1945.

Mr. Rajagopalachariar pleads that reconciliation in India is the first prerequisite to world peace and security and suggests as a simple solution, the restoration of popular Ministries in Sec. 93 provinces and the reconstitution of the Viceroy's Council with one member sent by each of the eleven provinces, such a Council being given full authority to co-opt a few others and run the interim Government of India for the duration of the war. Failing that, a federal government as envisaged in the 1935 Act should be brought into operation.

INDIA AND WORLD PEACE. *By B. Shiva Rao, Asia*, April 1945.

Mr. Shiva Rao characterizes the British argument that Indian independence is only a matter of months after the war as both short-sighted and fallacious. In an incisive but informed and balanced examination, he points to a possible procrastination due to formidable obstacles in the preparation of fresh electoral registers for about 35 million voters, the inclusion therein of demobilized troops, negotiations with hundreds of Native States on innumerable questions and drafting of treaty with Britain.

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In an enthusiastic interpretation of and support to the Pakistan movement in India, Sirdar Iqbal Ali Shah harps on the spectre of communal riots and exhumes the alleged atrocities by the Congress Ministries.

BRITAIN'S OPPORTUNITY IN INDIA. *The Round Table*, March 1945.

Important for its recognition that Britain should work positively for Indian Constitutional freedom: to wait indefinitely for agreement among Indian parties is considered wrong and inexpedient. The content of such a positive policy is also indicated.

INDIA. *The Round Table*, March 1945.

Developments in India from October 1944 to January 1945 are discussed under three heads: Political, Military, and Planning and Development.

INDIANS IN SOUTH AFRICA. *By S. Chandrasekhar, Asia and the Americas*, February 1945.

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IS INDIA PULLING HER WEIGHT? *By Sirdar Iqbal Ali Shah, The Contemporary Review*, March 1945.

IMPRESSIONS OF INDIA IN THE WAR YEARS. *By Sir Evelyn Wrench, Asiatic Review*, April 1945.

THE INDIAN STATES IN WAR AND PEACE. *From a Special Correspondent, Asiatic Review*, April 1945.

INDIAN INITIATIVE? *The Economist*, 7 April 1945.

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# CHRONICLE OF IMPORTANT EVENTS

## INDIA, BRITAIN

**April 4, 1945** Representatives of Great Britain, the Dominions and India who were in London for the Pre-San Francisco meetings on world peace and security held their first meeting.

**April 8, 1945** The Sapru Conciliation Committee published its recommendations for political settlement in India. It declared itself emphatically against the division of India into separate sovereign States as well as against the right of non-accession and secession of any unit. It recommended equal representation to caste Hindus and Muslims on the Constitution-making body, the union legislature and the executive; full equality of civic and political rights to the Scheduled Castes, Backward Classes and minorities and composite Ministries both at the Centre and in the provinces.

**April 13, 1945** The British Commonwealth delegates conference preliminary to the San Francisco Conference ended in London. The delegates were agreed that the Dumbarton Oaks Proposals would provide a basis for the Charter of a world security organization though in certain respects they called for clarification and improvement.

**April 30, 1945** Speaking at the San Francisco Conference Molotov referred to India thus: 'We have here among us an Indian delegation, although we know India is not an independent country. But the time will come when independent India will be represented here. We complied, however, with the request by the British Government that India, though at present not independent, should be invited to this Conference.'

**May 4, 1945** A trade agreement between Britain and Turkey was

signed in London.

**May 12, 1945** An Indian Industrialists Delegation left for London to discuss with British industrialists how far the United Kingdom could supply capital equipment and otherwise assist them in their plans for post-war industrial expansion in India. After their stay in England, it was stated, they would go to the United States.

**May 20, 1945** The British Labour Party Executive rejected Churchill's proposal to continue the Coalition until after the Japanese war.

**May 23, 1945** Mr. Ernest Bevin declared at the Labour Party's annual conference: 'If we are returned, we will close the India Office and transfer this business to the Dominions Office....I would add year by year to the India Government more and more responsibility.'

Churchill resigned but was re-appointed by the King to form a new Government.

**May 25, 1945** The personnel of Churchill's new Cabinet was announced.

**June 4, 1945** Lord Wavell arrived in India after constitutional discussions on India with the British Government in London.

**June 14, 1945** Lord Wavell announced British Government's new proposals for the resolution of the Indian Political deadlock and the formation of an interim Government at the Centre. They included the release of members of the Congress Working Committee, transfer to Indians of all portfolios of the Viceroy's Executive Council including External Affairs but excluding War Membership, and the appointment of a British High Commissioner in India. The vice-regal veto, it was assured, would not be exercised unreasonably.

**ne 15, 1945** The King prorogued the present British Parliament.

**ne 21, 1945** Asserting that Britain was not committed to the abandonment of Imperial Preference, the British Minister of State declared that there could be no question that the National Government, if returned, would respect the obligations imposed by Article 7 of the Atlantic Charter, which stipulated that tariffs should be reduced and discriminatory practices

against another country's exports abolished.

**June 25, 1945** The Indian Leaders' Conference commenced in Simla under the Chairmanship of Lord Wavell to consider the new proposals of the British Government.

**June 29, 1945** The Indian Leaders' Conference at Simla adjourned for a fortnight to enable the Parties to submit their lists of names for the new Executive Council for final selection by the Viceroy.

## SOUTH EAST ASIA AND AUSTRALIA

**ay 3, 1945** Allies entered Rangoon.

**ay 6, 1945** The General commanding the British forces assumed military governorship of Rangoon.

**ay 9, 1945** Oliver Stanley informed the Commons that British and other non-enemy rubber and tin companies would be allowed to return to Malaya to resume possession of their properties and develop the two industries of rubber and tin.

**ay 12, 1945** It was reported that the Siamese Government had informed the German Minister Dr. Ernest Wedler that it had suspended the diplomatic privileges of all German representatives in Siam.

**ay 16, 1945** The Ceylon State Council passed a non-official resolution directing the Board of Ministers to take steps to see that Ceylon would be represented as an independent country at the forthcoming Peace Conference. Mr. Oliver Stanley declared in the Commons that plans for the rehabilitation of Malaya were being completed as far as possible, that discussions were proceeding with economic and other interests in Malaya and that the question of political relations was receiving careful study.

**ay 17, 1945** A White Paper on Burma issued by His Majesty's Government proposed the conti-

nuance till December 1948, of the Governor's rule with an Executive Council. After that period, it envisaged two intermediate constitutional stages before full self-government could be established—first when general elections could be held and government under the 1935 Act could be restored and second when the Burmese, after reaching a sufficient measure of agreement between the various Parties and sections, could draft their own constitution with Dominion Status.

**May 20, 1945** Mr. J. M. Van Mook, acting Governor-General of the Dutch Indies declared that local autonomy and representative government for the Dutch East Indies as well as Dutch New Guinea and Curacao were being planned by the Netherlands Government.

**June 1, 1945** Mr. Amery moved the second reading of the Government of Burma (temporary provisions) Bill in the Commons and supported the policy embodied in the Burma White Paper.

**June 13, 1945** The Australian Minister of Labour introduced two measures in the Australian House of Representatives providing for increases in social security benefits costing over £10,000,000 extra per year.

**June 20, 1945** Accompanied by the Premier and Reconstruction Ad-

## CHRONICLE OF IMPORTANT EVENTS

viser to the Government of Burma, Sir Reginald Dorman

Smith, Governor, arrived in Rangoon.

## THE FAR EAST

**April 1, 1945** A Japanese Government decree announced that Korea and Formosa would be incorporated in Japan proper.

**April 2, 1945** The French War Minister revealed that talks were going on with the Allies to ensure that the French army should alone liberate France's Far Eastern Colonies.

**April 5, 1945** A new treaty was signed between China and Sweden, the latter agreeing to give up extra-territorial rights in China.

**April 5, 1945** The Japanese Cabinet under Gen. Koiso resigned *en bloc* in order to open the way for a far more powerful administration.

**April 7, 1945** Admiral Suzuki formed a new Japanese Cabinet involving a big reshuffle which gave supreme control to two Field Marshal leaders of the Japanese Military Fleet—F. M. Sugiyama and F. M. Shunroku Hata.

**May 6, 1945** Pledging himself to follow the policy of Roosevelt, President Truman said that the date of Philippine independence would be advanced as soon as practicable.

**May 11, 1945** Chinese forces entered Foochow, a sea-port in the province of Fukien opposite Formosa. Foochow is one of the possible landing points on the China coast in the event of an invasion from the Pacific.

**May 13, 1945** Admiral Pierre Barjot of the French General Staff disclosed at Paris that requests by the French Government to send French troops to the Far East for immediate combat duties had been vetoed by the Combined Allied Chiefs of Staff. He added 'we prefer open operations in Indo-China immediately, because the French army there is out-

numbered and it is fighting with inferior equipment.'

**May 15, 1945** The sixth National Kuomintang Congress opened and elected Chiang Kai-Shek as the Director-General of the Party and adopted his proposals to convene a National Assembly on 12 November for introducing constitutional government in China. It adopted several other resolutions for collaboration with Allied nations in establishing an international security organization and conclusion of mutual aid pacts.

**May 27, 1945** The leader of the special American mission to the Philippines declared that there were no strings attached to the granting of freedom to the islands and that its grant before 4 July, 1946 was the 'fixed policy' of the United States.

**May 30, 1945** A treaty was signed in London between the Dutch and Chinese Governments providing for the Dutch relinquishment of extra-territorial rights in China.

**May 31, 1945** Chiang Kai-Shek resigned from the post of Prime Minister and he was succeeded by Mr. T. V. Soong. Dr. Wong Wen-hao, Minister for Economic Affairs succeeded Mr. H. H. Kung as Vice-Premier. These changes were effected in conformity with the resolutions passed at the meeting of the Central Executive Committee of the Kuomintang.

**June 6, 1945** The Brazilian Foreign Minister announced a state of war between Brazil and Japan.

**June 20, 1945** The Chinese Communist Radio at Yenan announced that the Chinese Communist Party had decided not to participate in the 1945 session of the

People's Political Council on the ground that Kuomintang had de-

cided to call the convention entirely under Kuomintang control.

## THE NEAR EAST AND MIDDLE EAST

**April 5, 1945** A conference of the heads of British, Colonial and Mandated territories and British diplomatic missions in the Middle East which commenced in Cairo on 1 April ended. It reviewed financial and economic policy in the Middle East.

**April 19, 1945** The Persian Government under the Premiership of Nurteza Bayatt resigned after he had been defeated on a vote of confidence in Parliament.

**May 10, 1945** Egypt was informed that the Imam of Yemen had signed the new Arab League Pact.

**May 11, 1945** The Persian Premier Dr. Ebrahim Hakimi presented the members of his new Cabinet to the Shah.

**May 14, 1945** A Turkish Economic Mission arrived in Tehran for a study of the Iranian market's import and export possibilities as well as of the Iranian opium, tobacco and other monopolies.

**May 19, 1945** The Transjordan Cabinet headed by Samir Elrifai Pasha resigned and a new Cabinet had been formed by Ibrahim Hacmem Pasha.

**May 22, 1945** Syria and Lebanon decided not to negotiate with France on current problems consequent on the landing of French

troops in Syria and the Lebanon on 4 May without any reference to them.

**May 30, 1945** The Persian Government requested Britain, America and Russia to withdraw their troops from Persia as the hostilities in Europe had ceased.

**May 31, 1945** Eden told the Commons that Churchill had ordered the Commander-in-Chief, Middle East, to intervene in Levant and requested de Gaulle to order French troops to cease fire and withdraw to their barracks to avoid collision between British and French forces.

**June 1, 1945** France complied with the British request for 'cease fire' after five days of bitter fighting in the Levant. Eden announced in the Commons that tripartite talks would be held in London to find a solution of the Levant question.

**June 4, 1945** The Persian Government headed by Dr. Ebrahim Hakimi as Prime Minister fell. Mr. William Phillips declared that U. S. had approved of the establishment of the Arab League.

**June 7, 1945** The Council of the Arab League demanded the immediate withdrawal of French troops from Syria and the Lebanon.

## THE DOMINIONS AND COLONIES

**April 6, 1945** The Canadian Premier announced in the House of Commons that an exchange of High Commissioners with India would take place.

**May 12, 1945** It was announced that in the elections to the Legislative Assembly of South-West Africa, the United Party of Smuts had made a clean sweep of 12 seats. In addition there were six nominated members support-

ing the administration.

**May 14, 1945** The Chairman of the Trusteeship Committee announced that he would rule out any discussion on the South-West African Mandate. He added that the matter should be left for settlement and revision by the new Trusteeship Council to be established as part of the new world organization.

**June 8, 1945** The South African House of Assembly decided to

## CHRONICLE OF IMPORTANT EVENTS

advise Government to participate in the Bretton Woods Plan, subject to assurances that there would be sufficient international support for the International Monetary Fund and the International Bank for reconstruction and development of a truly multilateral character.

**June 11, 1945** The interim Report

of the Judicial Commission of Inquiry into matters affecting the Indian population in Natal was tabled in the South African House of Assembly.

**June 17, 1945** Mr. Sean O'Kelly, Deputy Prime Minister and Minister of Finance in De Valera's Government was elected President of Eire.

### AMERICA

**April 3, 1945** Stettinius announced that Roosevelt had withdrawn the proposal that U. S. should have triple voting power in the new League of Nations.

**April 6, 1945** An unsuccessful coup against the Government of the Central American Republic of Guatemala was attempted by a group of 'reactionaries' led by the former Minister to Berlin, Gregorio Diaz.

**April 12, 1945** Roosevelt died suddenly of cerebral haemorrhage at Warm Springs, Georgia, U. S. A. Vice-President Harry Truman was sworn in as the 32nd President of the U. S. A.

**April 23, 1945** The Argentine Government approached the Soviet Government with a view to establishing diplomatic relations.

**April 26, 1945** The U. S. Senate Emigration Committee opened the hearing on a new bill which

would make eligible for naturalization of some 4,000 Indians now resident in the United States.

**May 24, 1945** The Chairman of the U. S. House Immigration and Naturalization Committee said that President Truman had endorsed the Bill establishing an immigration quota for India and that it 'improved the chances of the Committee approving the Bill.'

**June 12, 1945** The Liberal Party led by Mr. Mackenzie King, Canadian Prime Minister, won the Canadian Federal elections.

**June 14, 1945** The Indian Immigration Bill was approved by the U. S. House Immigration Committee.

**June 28, 1945** Edward Stettinius resigned as U. S. Secretary of State to become the American representative on the Security Council and Chairman of the U. S. delegation in the General Assembly of the new World Organization.

### EUROPE

**April 3, 1945** Brazil and Russia established normal diplomatic relations for the first time since the Russian Revolution of 1917.

**April 5, 1945** The Soviet Government declared its intention to denounce the Russo-Japanese Neutrality Pact of 13 April, 1941.

**April 7, 1945** The Plastiras Government in Greece resigned. The Regent asked Admiral Petros Vulgaris to form a new Government.

**April 9, 1945** It was announced that

M. Zdenek Fierlinger formed a new Czech Government consisting of members of the Czechoslovak National Committee from Moscow and the National Committees formed in the liberated parts of the country.

**April 11, 1945** Spain decided to break off diplomatic relations with the Japanese Government.

**April 12, 1945** It was announced that a twenty year Pact of friendship, mutual assistance and Post-war collaboration between the

Soviet Union and Yugoslavia had been signed. Each country was to help the other in the event of a war with Germany or the allies of Germany after the end of the present struggle. The Pact provides for its extension for another five years.

**April 15, 1945** M. Stanislaw Mikolajczyk, former Polish Premier, declared that he had accepted the Crimea decision regarding the future of Poland and suggested that a Conference of leading Polish personalities be called with a view to constituting a Government of national unity.

**April 16, 1945** The Red Army launched a great frontal offensive on Berlin.

**April 21, 1945** A twenty year treaty of friendship, mutual assistance and post-war collaboration was signed between the Soviet Government and the Provisional Polish Government. Sixteen Soviet armies numbering a million and half men launched an offensive on Berlin.

**April 22, 1945** Russians entered Berlin.

**April 28, 1945** Mussolini was executed by Italian partisans in Como town on Swiss border.

**April 29, 1945** American troops entered Munich. It was announced from Moscow that a Provisional Government had been formed in Austria by Dr. Karl Renner.

**May 1, 1945** Admiral Doenitz declared that Hitler had died at his command post in Berlin and that the latter had appointed him as his successor to save the German people from destruction by the Bolsheviks.

**May 2, 1945** Berlin fell.

The entire German forces in Italy unconditionally surrendered.

**May 7, 1945** Germany surrendered unconditionally to Britain, U. S. and Russia. The Instrument of Surrender was signed at Rheims, the headquarters of Gen. Eisenhower.

**May 8, 1945** V-E Day was celebrated all over the world.

**May 15, 1945** The Czechoslovak Premier said that an autonomous Government had been formed in the Sub-Carpathian Ukraine of Czechoslovakia and that it had sought union with the Soviet Union, although at the moment, it still recognized the authority of the Czechoslovak Government.

**May 16, 1945** The Dutch Government resigned in conformity with its pledge made two and a half-year ago to do so, as soon as Holland was liberated, for minimizing the possibility of a gap growing between the Dutch people, particularly resistance leaders and their official representatives abroad.

**May 25, 1945** The Foreign Affairs Commission of the French National Consultative Assembly unanimously recommended that the French Government should ask the Allies to make a joint *demande* requesting General Franco to abandon power forthwith and to give way to a government in Spain which would organize a free general election without delay.

**June 2, 1945** The French Council of Ministers adopted an ordinance moved by the Communist Air Minister, Charles Tillion, for the nationalization of air transport in France.

**June 5, 1945** The German Third Reich ceased to exist at 2 p. m. as a result of the document signed on 4 June in Berlin by the four Allied Powers of Britain, U. S. A., Russia and France assuming complete power in Germany which was split into four occupation zones and withdrawn to its frontiers as they existed on 31 December, 1937.

**June 12, 1945** Signor Bonomi, Italian Prime Minister, tendered his Government's resignation after delaying it for four days to allow the six Political Parties some time

## CHRONICLE OF IMPORTANT EVENTS

to nominate a candidate for the Premiership.

**June 13, 1945** The Spanish Government advised the British Government that Spain was ready to open negotiations for the return of Tangier to its normal international status.

**June 15, 1945** The Big-Three-sponsored discussions for the formation of a Polish Provisional Government of National unity started in Moscow.

**June 16, 1945** The Belgian Government under Premier Van Ackers handed in their resignation to Prince Regent Charles in view of King Leopold's decision to return to Belgium.

**June 20, 1945** Signor Ferruccio Parri, leader of the Action Party formed a new Coalition Cabinet in Italy with other members of the Cabinet drawn from five other

Parties—Liberal, Socialist, Christian Democrat, Labour Democrat, and Communist.

**June 23, 1945** A new Dutch Government was formed by the Dutch Resistance leader Professor W. Schermerhorn who had been negotiating for the formation of a new Cabinet since the end of May. It was announced that complete agreement had been reached on the formation of the Provisional Polish Government of National Unity. Micolàczyk, former Premier of the London Polish Government, would take part in the new Polish Government. Three members of the new Government would be drawn from Poles abroad.

**June 28, 1945** The Lublin Polish Provisional Government resigned. The present Lublin Prime Minister would form a new Cabinet.

## INTERNATIONAL EVENTS

**April 5, 1945** It was announced that representatives of 25 nations would discuss the scope of education in the establishment and maintenance of world peace at a meeting of the International Education Assembly in New York from 12 April to 16 April. This was arranged in co-operation with National Broadcasting Company's 'University of the Air.'

**April 9, 1945** The Conference of United Nations Jurists began in Washington. The Conference was a preliminary to the San Francisco Conference and was to draw up plans for a new International Court of Justice proposed at Dumbarton Oaks. The International Cotton Advisory Committee named the Government of India Trade Commissioner, Mr. S. K. Kripalani Head of a newly formed sub-committee, to draft a statement on the world cotton situation.

**April 17, 1945** The International Air Transport Association held its

first Conference at Havana.

**April 25, 1945** San Francisco Conference opened. Welcoming the delegates, President Truman said that the purpose of the Conference was to set up an organization to keep the peace and not to draft a treaty of peace or settle specific questions of territories, boundaries, citizenship and reparations.

**April 9, 1945** A military agreement was signed in Belgrade between the Yugoslav Government and the Governments of Great Britain and the United States concerning occupation and temporary administration of Istria, Trieste and the Slovene Littoral.

**April 26, 1945** The San Francisco Conference adopted the 10,000 word Charter setting up a new international organization known as United Nations. The delegates of the 50 united Nations began signing the world Charter for Peace and Security.

**It is regretted that the present issue has been delayed on account of unavoidable reasons. Arrangements are being made to despatch future issues in time.**



# INDIA QUARTERLY

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## CONTENTS

	PAGE
THE INDUSTRIAL FUTURE OF BRITAIN— <i>A. D. Sbroff</i> .. . . .	299
THE NEW ANTI-TOTALITARIANISM— <i>M. R. Masani</i> .. . . .	305
CULTURAL RELATIONS BETWEEN INDIA AND RUSSIA— <i>Academician Barannikov</i> .. . . . .	315
FASCISM IN JAPAN— <i>Chen Han-seng</i> .. . . . .	320
INDUSTRIALIZATION WITHOUT CAPITALISM (The Soviet Experiment and its results)— <i>S. V. Kogekar</i> .. . . . .	334
ON THE PROBABLE CONSEQUENCES OF THE CESSATION OF HOSTILITIES ON INDIA'S ECONOMY— <i>A. K. Das Gupta</i> .. . . . .	350
<b>INDIANS OVERSEAS:</b>	
Post-war Indian Emigration— <i>P. Kodanda Rao</i> .. . . . .	359
The Imperial Indian Citizenship Association .. . . . .	362
<b>INDIA AND THE WORLD:</b>	
Reactions in India to events abroad .. . . . .	363
Delegations and Missions .. . . . .	371
Associations in Foreign Countries interested in India .. . . . .	373
List of the Representatives of the Government of India in the British Dominions and Colonies .. . . . .	374
<b>REVIEWS AND NOTICES:</b>	
International Affairs— <i>I. H. Qureshi, Evelyn Wood, M. Venkatarangaiya, B. L. Rallia Ram, Chen Han-seng and A. Appadorai</i> .. . . . .	374
Foreign Books on India— <i>Gurmukh Nihal Singh</i> .. . . . .	380
Other Books— <i>D. G. Karve, S. V. Kogekar and Mrs. Saraswati Krishna Rao</i> .. . . . .	383
Articles on India in Foreign Periodicals .. . . . .	389
CHRONICLE OF IMPORTANT EVENTS .. . . . .	396

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# THE INDUSTRIAL FUTURE OF BRITAIN\*

By A. D. SHROFF

CONSIDER it a great privilege to be asked to talk to you this evening—a body supposed to consist of very senior, sombre, sober-looking people, who only like to talk or hear discussions on serious subjects.

I think it will be regarded as a very unique event in the history of the commercial and industrial life of India that a group of industrialists at the instance of Government, but at their own expense, proceeded on a tour of the U. K. and the U. S. A. to survey for themselves the economic life of these countries, particularly as they emerged out of the last war. Whatever might be said about the failure or success of a mission which was never in existence, we in our own minds feel absolutely certain and satisfied that we have come back a little wiser than when we left this country. We have come back enriched with knowledge and experience which I feel sure time will in course of time prove a benefit to this country. What I am going to talk to you about to-day will not be of the same nature as the talk I gave a few days ago in another place regarding our visit. I am rather concerned to-day with giving you my impressions of Britain after the war, particularly in relation to the industrial life of that country and the reactions in the coming years on the position of Great Britain as a first-rate industrial and commercial power in the world. My definite impression about the U. K. as a result of this visit is that, in view of the firm resolve made by that country to fight the war on the basis of unlimited liability, England to-day is in a state, in the first place, of financial impoverishment. Secondly, there is a state of industrial dislocation; thirdly, there is a serious loss of man power, and fourthly, there is an unprecedented disruption in the social life and social structure of that country.

The financial impoverishment of the U. K. is quite obvious. A country which, through the exertions of many generations, had built up a first-class financial position for itself, with outside investments running to about 4,000 million, which brought to that country on an average about £ 150 million a year, the country, which spent something like £ 24,000 million to fight the war, and had during the war to liquidate the bulk of its outside investments and incur a real net indebtedness of some £ 3,500 million, finds itself to-day in a predicament quite exceptional in the history, not only of the United Kingdom, but of any big financial or industrial power in the world.

The industrial dislocation has been mainly caused by the diversion of all the energies and capacities of the country to an unlimited war effort, with the result that some of the biggest and most remunerative peace-time industries of the U. K., which were responsible for putting Britain very high on the industrial map of the world, were without any adequate appreciation or regard for the future consequences, simply diverted to war use.<sup>1</sup> The consequence has been, as I will show you later, that the effort to reconvert this war economy

\*An address delivered on 17 September 1945 at a meeting of the Bombay Branch of the Indian Council of World Affairs, Sir Homi Mody presiding.

to peace economy involves this country in a very laborious, very complicated and very difficult process. Take, for instance, the biggest industry of the U. K., for many years—the textiles industry at Lancashire. I do not think you can come across an industrial area which is so depressed to-day as Lancashire. If you care to study the history of how Lancashire was built up and what it has come to, you will find that Lancashire was mainly built up by a few powerful British family interests. It is a very interesting study why Lancashire has come to a state of depression to-day. Just as we, in this country, suffer in our agricultural economy because of fragmentation of land, it is very interesting to know that fragmentation of family interests in Lancashire has brought the industry to such a position, where some of the younger men have left the traditional family business, and others have been left with such depleted resources that they have no money to-day to revive the industry to its old glory and prosperity. It was the industry of Lancashire that was mainly responsible, and contributed most substantially to building up Britain's foreign investments abroad. If you care to study the story, you will realize for yourself that if there is any serious delay in the economic and industrial revival of the U. K. in the next few years, that delay will have to be traced to this factor, that Lancashire was not in a position to put its shoulder to the wheel and enable the country to get into its stride again. I think Lancashire will provide a very good testing rod for the pace of economic revival of that country.

Generally speaking, our visits to factories confirmed the view we had previously held—at least most of us—that the old conservatism of England in the general life of that country was creating a situation in industry, where plant and machinery were allowed to get into an obsolete state. There was disrepair, there was bad lay-out and bad ventilation. But that was not all. We were shocked by the working conditions existing in a number of industries. It was something of a revelation to us, backward as we are in India, that British workmen, backed as they are by powerful trade unions, allowed such conditions to continue in a country which is supposed to be a very highly industrialized and developed country. Some of us who visited, for instance, the factory of a famous firm of cutlery makers, could hardly believe our eyes that in a highly industrialized country like England, working conditions of that character could ever be allowed to prevail. That firm has been established since 1680, but the working conditions obtaining to-day are hardly different from the working conditions at the time of the Industrial Revolution in England. I am particularly laying some emphasis on the obsolete nature of the plant in English factories which attracted our attention, the very backward type of working conditions—poor lay-out, lack of ventilation and other things—to convey to you one of the very important difficulties and obstacles which lie in the way of England's early industrial revival.

Since we came back to India, one question we have been constantly asked is: 'How soon will the U. K. be in a position to attain its pre-war export capacity?' To my mind the answer to that question lies in a proper understanding of the labour situation to-day in the U. K. I do not think it has

been sufficiently appreciated here that the labour question (by which I mean the demobilization of men employed on active service, as also men employed in war factories, involving something like nine to ten million people) is not only a question of demobilizing these people, but of getting them back to the jobs they were doing before the war. When these people were requisitioned during the war there was a general dispersal of labour, and people were requisitioned for war work whether they had been engaged in industry, serving behind counters, or fishing at Lowestoft. They were sent to war centres, wherever they were required, regardless of their training, with the result that even if these nine to ten million people to-day could be set free from their last five years' activities, it is going to be an extremely complex problem to resettle labour and send labour back to those industries for which it was trained. Even if the Labour Government shows sufficient energy and skill in sending trained labour back to the tasks to which they were accustomed could these people be resettled on the same basis as in pre-war days? There are three factors in operation which will prevent a very early fulfilment of this objective: Firstly, as we went round the factories and enquired about the level of wages, we found that in Aircraft and Munitions factories, wages were paid at a level which can be considered entirely uneconomic for normal peace-time industries. It was not surprising to find a number of young, unskilled men workers earning £ 6 to £ 8 per week, and young girls, 16, 17 and 18 years of age, working in a few factories round Manchester, earning something like £ 4 to £ 5 a week. The result is that people who have worked in these factories, under better conditions, with better machinery, and in newer and better laid-out factories, and who have earned these high wages, are not in any desperate hurry to go back to peace-time industries where peace-time wage levels are considerably lower. This is all going to delay considerably the resettlement of labour. Secondly, we come to the point of war weariness generally. If you go round the cities of the U. K., you cannot but be impressed by the fact that six years' strain of war has caused a certain measure of exhaustion and fatigue in the people, and those, for instance, who have worked in Aircraft factories, who have put in strenuous years of hard work, would not be anxious to rush into another job. They would want to go easy, at least until they found a job which they considered congenial to themselves. Thirdly, people who were put into those war industries earned these high wages at a time when they could not employ their increased purchasing power, with the result that the average British workman to-day is, much richer individually than he was before the war, and he carries a fairly fat Savings account or a fairly substantial stock of war bonds or savings certificates. He has something to fall back upon until he finds a congenial job. All these factors are in operation and I believe will continue to be so for some considerable time before industries in the U. K. can be completely converted to a peace-time economy. The exporting capacity of the U. K. at its pre-war level cannot be expected to be reached, in my opinion, for at least another two or three years.

I must mention to you another serious difficulty which we noticed in the industrial cities in the U. K., namely, shortage of coal. Coal always used to be a

very important export from the U. K. These exports used to be to the tune of £ 60 million a year, and Great Britain was a supplier of coal to several continental countries. To-day she suffers from a very acute shortage of coal, which has arisen out of the shortage of labour. People who have earned £ 6 to £ 8 a week in war factories are not prepared to take over the unpleasant work of going underground for 84s. a week. In regard to this problem, the Labour Government has supplied magnificent drive and leadership and is doing its utmost to remedy the situation. The Foreign Minister, Mr. Bevin, has made an appeal to the coal miners, in which he has pointed out clearly that Government's foreign policy is being affected by the shortage of coal. He told them that the situation in some of the liberated countries is so appalling, and there is such a shortage of coal, that if at least the minimum coal requirements for the coming winter were not available, it might lead to any amount of political and social unrest in those countries, and that any political consequences may emerge if that situation is not retrieved. A very serious appeal has been addressed to the coal miners at least to produce another eight million tons of coal before winter, which would put the U. K. in a position of going through the winter and making a little coal available for some of the continental countries.

I have been describing to you some of the darkest aspects of the industrial life of the U. K., but with the dark picture that I have shown, there are also a few redeeming features. I think the most important redeeming feature is the research activity in the U. K. It is a curious fact that that country, which has been so conservative in industrial management, has in recent years devoted a considerable amount of thought and attention to research. It was pointed out in some places that whilst young men, very enthusiastic about their work, have been engaged in research work of a very promising character in relation to some of the biggest industries in the U. K., the older people who are at the head of affairs are so conservative in outlook that they have hesitated to give the young men a chance to try out the results of their research activities. Fortunately, Mr. Churchill's Government started taking a very energetic interest in industrial research and very substantial grants and subsidies have been given for this purpose. The Labour Government is also doing its utmost to encourage industrial research, and to my mind this constitutes a very hopeful feature. If the results of these researches are exploited in coming years, some of the darkest aspects of industrial life could be retrieved.

There is also another very important redeeming feature, and that is the Labour Government itself. It is not only mere sentiment, but I have continuously held the view, and after seeing things for myself in the U. K. I am still more convinced that the advent of the Labour Government in power means the ultimate economic survival of the U. K. which is faced to-day with an exceptionally difficult situation, and unless an exceptional type of drive and leadership is provided in the industrial and economic life of the U. K., that country's chances of revival are very remote. The Labour Government has in its composition men of that exceptional calibre and vision. Further, although the senior Ministers are old men the Labour Government is actuated

by the thoughts, ideas and doctrines preached and prepared by younger men of the Labour party, who form a Brains Trust of their own, and the older men are sufficiently flexible and receptive to take up and try out new ideas; therein lies the biggest hope of economic survival.

I have shown the dark side of the U. K. and the redeeming features. Whatever you might say, the U. K. is faced with a very grim choice. I am not going to repeat about living conditions except to tell you that that country of very high standards, that England which we knew, is something very different to-day. The choice before that country is this—either that country takes the easy course of keeping up a high standard of living, and takes the risk of ultimately going down as a second, third, or fifth-rate power, or takes the wiser and bolder course of following the slogan: ‘Export or Perish.’ The situation is this. They are faced with a deficit of £ 500 to £ 600 million a year on the basis of importing the food and raw materials they need and on the basis of their capacity for export. Some of us were misled into believing that England’s food-growing capacity had grown enormously during the war. That was a fallacy. Before the war they grew sufficient food to last two days in the week. If there is any improvement in that situation, it is one which would make very little impression on the balance of international indebtedness. The result is that if the population of the U. K. is to be fed at a reasonable standard and if English industries are to be supplied with the necessary raw materials to build up England’s export trade, England will be involved in a deficit of £ 500 to £ 600 million, and that at a time when she is impoverished, when she has liquidated her investments abroad, and when she has incurred this outside debt of about £ 3,500 million, which might involve her in an interest charge of £ 100 million a year at least on a reasonable basis. I think Sir Stafford Cripps put the situation very straight and honestly in the face of the people of the U. K. when he said that the British people will have to get used to the continuance of war-time restrictions and privations if that country is to emerge successfully out of that situation in the next few years. It is the opinion of some of the greatest economists living to-day, that if the U. K. did not make a supreme effort to get out of this existing difficult situation during the next five years, as a big power, her position was doomed for many many years to come.

Let us now see the reaction of this economic state of affairs of the U. K. on our own country and particularly in relation to all our hopes and aspirations of large-scale economic development in this country. Frankly speaking, we have come back very disappointed if we were to count upon the U. K. as a source of help and support in the fulfilment of our dreams and visions. Even if the Labour Government faithfully follows the policy laid down in Churchill’s famous White Paper on full employment, all our hopes of rapid economic development of India will remain unfulfilled. It appears that the British Government has not yet made up its mind for the allocation of priorities in the list of exports. As I see the situation, if at all any policy of allocations is finally worked out by the Labour Government, the priorities would stand like this: There is an urgent demand for rehabilitation of their own

industries—a scheme for the rehabilitation of the steel industry of the U. K. was outlined which, I think, if I am not mistaken, was going to cost £ 125 million. A scheme for the rehabilitation of the cotton textile industry is also there, which will cost £ 48 million; a scheme for the complete reconversion of the electric supply industry on a standardized basis would cost £ 90 million. Obviously, therefore, the first priority would be assigned for the rehabilitation of the industries of the U. K. The second priority, to my mind, would be assigned to liberated countries. It may sound very curious, but even in her peculiar financial position, England has been undertaking obligations of a very extensive character to meet the demands of liberated countries, and she is likely to meet the demands of those countries before making supplies available to India, China, South America and others. I have been told by responsible persons in official circles in the U. K. that India will have to take her place in the queue. Our chances of obtaining capital equipment which we so badly need are, therefore, very remote.

It might interest you to appreciate how the minds of the Labour Government are working on some of these matters. I think the Labour Government will not only definitely adhere to a policy of cheap money, but I should not be surprised if they bring about conditions where money is made cheaper still. I think there are two reasons. One quite obvious reason is that the Labour Government would like to see the burden of indebtedness, created during the war, to be as much relieved as possible. The second and more important reason is that with the obvious tendencies in so many countries in Europe towards the left, the social implications of a very heavy indebtedness incurred during the war, which are likely to affect the people for generations after, are so important that a Government like the Labour Government cannot but make a supreme effort, not only to keep money cheap, but to make money cheaper still. The consequences of this, of course, would be obvious, and also the effect on the general economy of the U. K. and other countries in the sterling area, so I think I need not dilate upon this.

Now let us turn for a few minutes to our friends across the Atlantic. I think perhaps it is a commonplace to say that American industry is bigger, better organized, and more attractive than British industry, and that American management is infused with modern ideas, and that working conditions are so much better. That has become commonplace. In regard to the American attitude towards the situation in the U. K. generally, I think some people here are making a great mistake if they believe that America looks upon the U. K. situation with anything but a feeling of grave anxiety and readiness to help England as far as possible. Some of our people, who are inclined to look at this question more through political rather than realistic glasses, believe that England is going to be let down. But there can be no greater mistake. America will do her utmost to help England out of her present situation. There may be a growing feeling in America, particularly in the man in the street, that 'Britain has had too much out of us'—this is partially reflected also in certain sections in Washington, where recent American attitude might be described as a little more stiffening towards Great Britain—but there is no

getting away from the fact that people who take a longer view in America believe that, after all, 'Great Britain is our first line of defence,' and I believe they will do their utmost to help Britain to get out of her difficulties. At the same time, Americans are not philanthropists, and realize the magnitude of the effort they have put into winning this war, and are going to insist on having full and free access to world markets. It is going to be increasingly difficult for Great Britain in the coming years to maintain such things as a system of Imperial Preferences. We saw much criticism of this amongst American businessmen in America, and I would not be surprised if, in the negotiations recently held at Washington, the Americans insisted on America having full and free access to world markets, including markets of the British Empire.

## THE NEW ANTI-TOTALITARIANISM

*By M. R. MASANI*

THE total casualties of World War II have yet to be computed, but whatever the final figures may show it will be found that the evil for whose extermination the war was supposed to have started has refused to be a casualty. That is Fascism.

It is not difficult to find evidence of the growing sway of Fascism. In his first pronouncement after release from internment, Sir Oswald Mosley said in an interview: 'My views have not changed.'<sup>1</sup> Pandit Jawaharlal Nehru underlined the fact in a recent press interview at Simla when he said that Fascism 'might grow again in any country other than Germany under some other name.'<sup>2</sup> Field Marshal Alexander was more specific about the matter when in a statement issued to his troops he referred to Tito's occupation of Trieste as 'all too reminiscent of Hitler, Mussolini and Japan.'<sup>3</sup> When therefore the Moscow journal *War and The Working Class* of 1 May 1945 stated that 'the microbes of Fascism are still alive in many an ill-ventilated corner,' one was inclined to agree, though in a sense different from that intended by the journal, and to consider it in fact an understatement. The microbes in question would seem to have made a remarkable advance over certain wide open spaces as well as in ill-ventilated corners. These few quotations show that whatever their angle may be, one thing all parties are agreed on and that is that Fascism (not in its Italian, but in its international sense) has not been, and cannot be, defeated on the battle-field alone.

### II. THE DEBACLE OF ANTI-FASCISM

Indeed, the more honest of those who called themselves anti-Fascists before and during the World War II have admitted that their cause has suffered a grievous defeat. Wherever they turn, they are met with the paradox: 'Fascism is dead, long live Fascism!' The ranks of the traditional anti-Fascists of the West are in utter confusion, but already emerging out of the chaos one

can discern four main trends. The first is of those disillusioned anti-Fascists and sympathizers of 'Left' politics who throw up their hands in despair and turn to the paths of spiritualism. Aldous Huxley is the best known of these, and Gerald Heard and Christopher Isherwood can also be included in that category. Turning back to Christianity or venturing forth into neo-Brahminism are two forms this development has so far taken. In a book entitled *Ten Modern Prophets* by J. B. Coates, one finds a collection of some of these thinkers. An outstanding defect of the book is that the greatest prophet of our time, Mahatma Gandhi, from whom several of the chosen ten have taken much of their inspiration, is himself not included!

The second group also tend to turn away from the old slogan, but they tend to replace them not with a spiritual but with a more mature political creed. A realization that the evil they have sought to combat in its Italian and German forms is more widespread than they had imagined and that it cannot be defeated with the weapons hitherto employed is common to them all. In their specific formulations, however, they differ among themselves, and range, for example, from the conservative reaction of Peter Drucker to the socialist approach of Arthur Koestler. Even the latter, however, with an awareness of the menace facing the West, is driven to confess:

'If I have to choose between living under a Political Commissar or a Blimp, I unhesitatingly choose Blimp. He will treat me as an annoying kind of oddity and push me about from sheer lack of imagination; the imaginative Commissar will politely shoot me because I disagree with him. In other historical situations, on the upward grade, Blimp might again become the main enemy of progress. For the next decades, his muddled decency and clinging to traditional values (even if it is partly pretence) will be a great asset, to mollify the impact.'<sup>4</sup>

The third grouping among the traditional anti-Fascists has been that of the Communists, which label will hereafter be used for those who may more specifically be called Stalinists. For them, of course, the failure of anti-Fascism so far presents no problem whatsoever. Whoever does not agree with them and whoever dares to raise his or her voice in criticism of the policies of the Russian Government is by definition a Fascist. They take their cue in this respect from the Moscow press which has not hesitated in the course of the past twelve months to refer at different times to Marshal Chiang Kai-shek and the Kuomintang, the Turkish Government, the Iranian Government and the Swiss Government, to mention only a few examples, as Fascist.

It is the fourth and last group which present, however, the most interesting subject for analysis. Frankly, they do not yet know their mind. They are unhappy and frustrated. These men backed the war as part of their crusade against Fascism and they now find that the Brave New World which they had pictured as resulting from victory has receded still further. They are not prepared—at least as yet—to follow men like Peter Drucker<sup>5</sup> and James Burnham,<sup>6</sup> who point out that Italian Fascism and German Nazism were but two species of a wider genus. They cannot do so because they are believers in what has aptly been described as the 'Soviet Myth.' Theirs is a sad case. They had placed their

hopes on Moscow. Not finding now a ready-made alternative Mecca to which to turn, they seek ostrich-like to avoid facing the facts so that they can cling to their old beliefs. They have, therefore, set up a double standard of morality by which to judge the Russian brand of totalitarianism as distinct from other brands. An illustration of this device, by which they pursue today a policy of appeasement so reminiscent of Munich, has been given by Koestler:

"The emotional power of the Soviet myth is such that even intellectuals unquestioningly accept the formula that the Russians fight well because they *know* what they are fighting for, whereas the misguided and fanatical Germans, Japanese, etc., fight well because they *don't* know what they are fighting for."<sup>7</sup>

It is of such people presumably that Liddell Hart has written:

'Nothing has aided the persistence of falsehood, and the evils resulting from it, more than the unwillingness of good people to admit the truth when it was disturbing to their comfortable assurance.'<sup>8</sup>

Champions of protest and resistance against Japanese aggression in Manchuria, Italian aggression against Abyssinia and German aggression against Czechoslovakia and Poland, they have without so much as a murmur swallowed the Russian annexation of Poland, and that most shameless breach of international good faith in recent times when the Russian Government inveigled by a written promise of negotiation and safe conduct and then put on 'trial' in Moscow sixteen democratic leaders of the Polish underground, of whom Mr. Anthony Eden, then British Foreign Secretary, said: 'Most of these men were just the type who should, in our view, have been consulted about the new National Government in Poland, if such a Government were to be truly representative of Polish democratic political life.'<sup>9</sup> Even Czechoslovakia, the particular *protégé* of this group in the past, has been partitioned and one of its three regions, that of Sub-Carpathian Ruthenia, annexed by the Russians, without a single protest from their ranks.

The tragedy is that these new Men of Munich are to be found amongst parties of the Left and among journals of which the best examples are the *New Statesman* of London and the *Nation* and the *New Republic* of New York. Of these and other journals of their kind, George Orwell has written:

"Their attitude towards Russian foreign policy is not "Is this policy right or wrong?", but "This is Russian policy: how can we make it appear right?" And this attitude is defended, if at all, solely on grounds of power. The Russians are powerful in Eastern Europe, we are not: therefore, we must not oppose them. This involves a principle which of its nature is alien to Socialism; that you must not protest against an evil which you cannot prevent...."<sup>10</sup>

It is as a protest against such an attitude that Louis Fischer recently severed his editorial connexion with the *Nation* after a life-time's association. Elaborating the reasons for his resignation, Fischer wrote:

"This is my real quarrel with you—the double standards. You condone and apologize for what Russia does. When you do hint ever so lightly that Moscow may have made a mistake, you immediately point to grave capitalist sins. You discriminate; you therefore distort.... You contend that Russia "is carrying through an anti-fascist policy." I could give you a list a yard long of Soviet

steps, at home and abroad, that are not anti-fascist, that are, on the contrary, dictatorial, unilateral, anti-democratic, and conducive to neither freedom nor peace. Was the partition of Poland between Hitler and Stalin anti-fascist? Is Stalin's annexation of Eastern Poland, in clear violation of the Atlantic Charter (which Russia has accepted three times in writing), an anti-fascist measure? Is the setting up of a Moscow-made puppet government in Poland anti-fascist and democratic? Is it anti-fascism which impels the Soviet government to demand that Sweden suppress a magazine which criticized Stalin and to ask that it doesn't happen again. (I recall that Japan made a similar protest to the United States government when Bill Gropper lampooned Hirohito in an American magazine). You declare that Russia "has not used its power to keep fascist or ex-fascist kings and generals and admirals in office." No? What about King Michael of Rumania? What about the pro-Nazi generals in the present governments of Bulgaria and Hungary? What about the coddling of over fifty Reichswehr generals in Moscow, although while they were in command of the Ukraine and other territories terrible atrocities were committed there? What about Soviet and Italian Communist support of Badoglio? What about the readiness of Spanish Communists to unite with Spanish pro-Franco Catholics? You will of course tell me that England and America have done similar things. That is correct. But why don't you say that Russia has done similar things?<sup>11</sup>

In fact, if anyone does dare to discuss the realities about Russia, he is savagely attacked as a 'reactionary' or even a 'Fascist.' The campaign on the part of so-called Leftists against even a book of *raportage* by William L. White (*Report on the Russians*) and the pressure put on the publishers to suppress the book is a case in point. It provoked the following lines<sup>12</sup> which were published in the *Saturday Review of Literature* under the title 'Advice to W. L. White and other Vanishing Americans.'

'Don't write about Russia, Comrades,  
Write about anything else,  
Write about Hearst and America First  
And the sins of the Saxons and Celts....  
Don't stir up the Bennettsky Cerfskys  
By taking a poke at Stalin,  
Write as you will—it's a free country still—  
But not about Russia—that's mean.'

The attitude described above is by no means confined to countries of the West. The *New Statesman* has many counterparts among Indian newspapers and journals. Even the best of us are in danger of being infected by this double standard of morality because within each of us there is a Totalitarian and a Liberal contending all the time.

### III. CAUSES OF FAILURE

That Fascism should as a result of the balance of forces and by reasons of military factors have survived the war is undoubtedly a disappointment and a failure for the anti-Fascist movement. It would not, however, have by itself constituted a decisive defeat. That defeat lies in the confusion in the ranks of some of its adherents and of the degeneration among others. The causes of

the debacle have therefore to be looked for not in the respective strengths of governments and armies but rather in the ideology and methodology of anti-Fascism. If totalitarianism is to be successfully resisted in future, it is high time that the mistakes of the past were analysed and understood.

A basic defect of pre-war anti-Fascism was the misunderstanding of the evil it set out to combat. Since in almost all countries the Communists were creators of the anti-Fascist front and its loudest and most vocal propagandists, it was their definition and understanding of Fascism that in the main prevailed. That understanding was naturally based on the economic interpretation of history which they derived from Karl Marx. The misfortune was that, as with the rest of their creed, they applied Marxist theory in their usually rigid and unintelligent fashion. Fascism, of which poor Karl Marx had naturally no premonition in the nineteenth century, had somehow to be fitted into his scheme of things. It had to be explained exclusively in terms of classes and class struggles. It was so explained—as the last violent phase of capitalism on the defensive.

No serious attempt was made by pre-war anti-Fascists in general to evaluate the vital non-economic aspects of Fascism. Its appeal to nationalism, herd psychology and hero worship, its satisfaction of certain psychological and emotional needs were all equally overlooked and later when serious thinkers like those mentioned earlier and Erich Fromm,<sup>13</sup> and F. Borkenau<sup>14</sup> came forward to give more intelligible explanations of the totalitarian menace they were stoned by the so-called Left. This reluctance to give psychological and emotional factors their proper place alongside the economic ones is not difficult to understand when we are told that in recent years psycho-analysis has been officially banned in Russia.<sup>15</sup>

There is no room in this article for an attempt at an analysis of the real nature of totalitarianism as an international phenomenon, but it may not be altogether without utility to draw attention to some factors that enter into its complex make-up. On the economic side there is undoubtedly the aggregation of industry into larger and larger units which neither the workers who toil in them nor the shareholders who invest in them are able to control. Economic power tends more and more to concentrate in the hands of a class of Managers made up of Executives and technicians of all kinds, which class is in its own way as anti-capitalist as the working-class and as impatient with what it considers the incompetence and muddle of Private Enterprise and *laissez faire*. On the emotional side there is a sense of loneliness born of isolation and of insecurity on the part of the small man, whether artisan or shopkeeper, peasant or clerk, faced with a huge economic machine entirely beyond his control and almost entirely beyond his understanding. The small man develops what has been described as ‘the Fear of Freedom’ and craves for dominating leadership which can be supplied by somebody replacing the father, in Germany the *Fuehrer*, Russia the *Vozhd*. In response to the needs of the situation and avid to seize them arise the Leader and his Party. They rally the masses under some slogan with an emotional appeal, normally that of patriotism, and of hatred for some scapegoat on whom all the evils are blamed, e.g., the Jews in Germany and the Trotskyists

in Russia. The Nation becomes the deity to which the High Priest asks the flock to render homage. The Nation is put permanently on a war footing, military discipline thus becoming chronic. Nobody is ever unemployed in either an army or prison, and so unemployment is abolished, and some sort of security is assured in exchange for the loss of liberty. Withal there is the appeal to the herd instinct and the achievement of a sense of communion which lessens the isolation of the individual in a free society. Somewhat thus runs the course of the transition from Capitalist Democracy to the Managerial State. Even in the case of Russia, where the Revolution of 1917 was made under the slogan of International Socialism, events have gradually revealed the same pattern at work, resulting in a State that is intensely nationalist and Russian and one in which has arisen not the classless society but a new privileged and ruling class of the managers of industry and the bureaucrats of administration.

Sometimes, the novelist is able to convey better the ethos of a movement than the political scientist. One such is Rex Warner, whose *The Aerodrome* and *The Professor* show keen insight into the totalitarian mind. In the latter novel, the Totalitarian thus challenges the Liberal:

‘Our love is the emotion not of a dutiful intellectual but of a warrior in battle. It depends on hatred for the enemy. Our justice is nothing abstract: it is simply the joyful elimination from the face of the earth of those who oppose us. Why is our propaganda so much more successful than yours? Partly because our aims are definite, sensible, and within reach instead of being vague, intellectualized, and extending into infinity; but more still because we appeal to the dark and vital and real forces in human nature which have so long been hypocritically oppressed by the teaching of men like you. We show our followers how to regain their self-confidence as individuals by hating their enemies. You offer them a whole world to love: we give them a tangible minority to hate. We do not pretend that all men are equal or that women are the same as men. Consequently our audience is not one of castrated intellectuals.... We appeal not to the intellect, or even to immediate self-interest, but to the dark, unsatisfied, and raging impulses of the real man. It is we who are, in a psychological sense, the liberators. The only freedom that you offer is economic freedom, a barren and dusty slogan which no one who is not an intellectual even understands. .... We shall give man the satisfaction to which he is entitled, the satisfaction of striking down his enemies like rats. And since the basis of our action is unlike yours, psychologically sound, the masses of people will like it.... You will call us barbarians. Do you not see that men are crying out for barbarism, and that your culture decayed long ago?.... We propose to re-establish, on a higher plane, the morality of the ages of piracy. For the leaders adventure, pride and power; for the slaves what they most want, and what you have denied them, absolute certainty, the demand for complete obedience, and the hope of booty.’<sup>16</sup>

If the failure to explain the real nature and significance of the Fascist phenomenon was one source of weakness, the use of wrong methods with which to counter it has been no less disastrous. The anti-Fascist paid little attention to the problems of ends and means. He sought to meet and beat the violence of the Fascist with superior violence. He ignored the warnings given by men like Mahatma Gandhi who pointed out at the beginning of the war that those who sought to defeat Hitler by force would in that attempt sink to Hitler’s

own level. The indiscriminate bombing of civilian population in Germany and Japan; the use of German prisoners of war for slave labour in Russia and the report that 'exclusive of Germans, the Russians have removed over 700,000 people from Eastern Europe to be used as slave labour in Stalin's prison camps for workers,'<sup>17</sup> and above all the use of the atomic bomb: all these have transformed Gandhiji's forecast into a reality the grimness of which it was not possible for many to visualize six years back.

One knows all about the horrors of the Belsen concentration camp, and feels rightly revolted. One naturally assumes that none of those who profess to have fought the war so that Belsen and Dachau are for ever wiped off the face of the earth would dream of resorting to such methods themselves. And yet in May 1945 the Russian-controlled Lublin radio in a Yiddish broadcast announced that it had been decided to create a camp for Germans 'and members of the German ethnical group' in the former Warsaw ghetto. The camp would be a 'place of isolation on which everybody would look with disgust, a place to house those who wanted to murder and rape the entire world, a camp for men who have no right to the name of man but should be called beasts.'<sup>18</sup> Not without significance also is a description in the *London Times* of December 31, 1943, from its correspondent, of the Kharkov trial of German prisoners of war accused of atrocities:

'The trial itself was an important phase in the educational process. It not only satisfied a burning desire for justice in its sternest form, but revealed to the huge crowds that thronged the market-place—the centre of German-inspired speculation and corruption—and to the country people, who for three days after the execution saw the swinging bodies, the vulnerability of the enemy and the fundamental weakness of the Fascist character.... When the vehicles on which the condemned men stood were moved away, causing their bodies to drop slowly and initiating the strangling process, there went up from the great crowd a hoarse, low growl of deep satisfaction. There were some who showed their scorn of the dying men by adding whistles to the sound of their gasps. Others applauded.'

What is remarkable about this report is not that Kharkov in 1943 should have seen staged a scene so reminiscent of the horrors of the Dark Ages but that the *London Times* should have reported the trial without protest, and indeed approvingly, choosing 'Re-education' as the caption under which to publish their correspondent's report.

It is the casual and even jubilant acceptance of atrocities such as these rather than their occurrence which is of significance. As President Robert Maynard Hutchins of Chicago University has been moved to say:

'The most distressing aspect of present discussions of the future of Germany and Japan is the glee with which the most inhuman proposals are brought forward and the evident pleasure with which they are received by our fellow citizens.... The peace of the world depends upon the restoration of the German and the Japanese people. The wildest atrocity stories cannot alter the simple truths that all men are human, that no men are beasts.'<sup>19</sup>

#### IV. THREE PILLARS OF ANTI-TOTALITARIANISM

It would be a legitimate criticism of an analysis such as this of the failure of

traditional anti-Fascism if an attempt were not made to complete it by a statement of what may be described as the pillars of the new anti-totalitarianism which may be expected slowly but surely to take shape in the coming months and years. This task is attempted here with great hesitation and in the most tentative manner—more as a basis for discussion among libertarians than as a statement of a definitive platform.

The first pillar of the new anti-totalitarianism would obviously be that on which the structure of the State, involving as it does the age-old problem of the relationship between the Individual and the Community, will be reared. It is customary to use the terms 'Democratic Government' and 'Individual Liberty' as interchangeable or at least as inevitable concomitants. Every serious student of political science and of history knows, however, that the two concepts are not essentially inseparable and that one can exist without the other. History provides many examples of the flowering of the individual personality under aristocratic or oligarchic forms of government, while conversely there have been cases of democratic government in the sense of mass or majority rule where the individual has been regimented and dragooned. Our first pillar would be freedom and respect for the human personality and the fullest opportunities for its development fitting into the framework of democratic government. The acceptance of this plank in our platform, if one may vary the metaphor, would involve the rejection of over-centralized planning and regimentation on German and Russian lines in which, according to Marshal Stalin's own description, the people 'are only considered as small screws in the great machine of State.'<sup>20</sup> It would mean the unconditional rejection of dictatorship, whether it bears the label of any particular Party or whether it poses as the 'dictatorship of the Proletariat.' It should also mean—and there is danger of this being overlooked—a refusal to accept the economic and social *status quo*. Individual Liberty and Democracy can have little meaning for those masses of men who live miserable and thwarted lives. To such, these noble slogans may even smack of hypocrisy if they are not accompanied by earnest action to make them real for each member of the Community. The totalitarian claims that liberty is no longer compatible with the economic needs of our times. That challenge can only be met and overcome if democracy is extended to the social and economic spheres from the political one, until Lenin's objective of the 'free and equal society' is democratically achieved. Thus alone can the dry bones of Liberty be clothed with live flesh and blood.

Our second pillar would be concerned with international relationships and the structure of the world order. Here the anti-totalitarian must stand four-square for the right of every nation, big and small, strong and weak, white and coloured, to complete independence and for any association between nations to be on terms of complete equality. The acceptance of this would mean a decisive rejection of all imperialisms, including the neo-imperialism of Russia and an equally decisive rejection of the U. N. C. I. O., based as it is on brute force and the dictatorship of the Big Three, Four or Five. Here again there can be no resting on the *status quo* of national sovereignty. World union or government should be the objective, but advance towards that goal can only

be on a free, equal and democratic basis.

The third pillar of anti-totalitarianism would be concerned with the problem of the means by which the ends indicated above are to be achieved. If totalitarianism, whether domestic or international, is to be decisively defeated, the adherence to peaceful and clean methods and the renunciation of violence and falsehood as instruments of domestic and international politics would appear to be predicated. This would involve on the part of the anti-totalitarian an emphasis on moral values and the rejection of wars and violent *Coups d'état* as measures by which a better social or international order can be achieved. Difference of opinion among lovers of liberty is likely to centre round this point. Many who accept the first two planks may object to this as Utopian. Yet, if the failure of the Russian Revolution to achieve a socialist society and the failure of World War II to destroy Fascism have any lessons to teach, it is that violence cannot be defeated by superior violence nor evil uprooted by a resort to the weapons of force and falsehood.

It is obvious that anti-totalitarianism erected on these three pillars cannot hope at the present time to be a mass movement in the countries of the West which are travelling at varying speeds down the totalitarian slope. The entire West is today so impregnated with materialism and militarism that no early defeat of totalitarianism there can be hoped for. There is danger of Burnham's warning, that the Managerial State is likely to be the norm for the coming generations in those parts of the world which have already accepted large-scale industrialization of the Western type, proving to be justified. Faced with this prospect, the more aware among the thinkers of the West are reconciling themselves to fighting a rearguard action to keep alive the values of love, truth, independent thinking, social justice and of the individual as an end in himself until the wave of totalitarianism starts subsiding.

'In 1917 Utopia seemed at hand,' writes Koestler. 'Today it is postponed for the duration of the interregnum. Let us build oases....The interregnum of the next decades will be a time of distress and of gnashing of teeth. We shall live in the hollow of the historical wave. Does this mean that we should lie low and wait fatalistically until the time is ripe? I believe the contrary. What we need is an active fraternity of pessimists (I mean short-term pessimists). They will not aim at immediate radical solutions, because they know that these cannot be achieved in the hollow of the wave; they will not brandish the surgeon's knife at the social body, because they know that their own instruments are polluted. They will watch with open eyes and without sectarian blinkers, for the first signs of the new horizontal movement; when it comes, they will assist its birth; but if it does not come in their lifetime, they will not despair. They will not necessarily expect the new movement to arise from this or that section of the working or professional classes; but certainly from the ranks of the poor, from those who have suffered most. And meanwhile their chief aim will be to create oases in the interregnum desert. Oases may be small or big. They may consist of only a few friends as in Silone's great book *The Seed Beneath the Snow*; or they may embrace whole countries—countries situated on the periphery of the great fields of force, for instance Italy, Norway, Spain. It is quite possible that in the coming world of bellicose managerial giant States of the Burnham pattern such marginal oases survive; that ,although submitting to the general social economic trend, they will be able to afford a

greater amount of tolerance and old-fashioned humanness than the main competitors; Switzerland during the last three hundred years is an obvious example. And it may further be possible to create enclaves, and to a certain extent to influence the climate, within the competing giant-States themselves. During an earlier interregnum, in the so-called dark ages between the decline of Rome and the dawn of the Renaissance, such oases assured the continuity of civilization: the monasteries first, and later the Universities with their more or less extra-territorial *Alma Mater* on which no gendarme could set foot.<sup>21</sup>

Writing in this country, one may pick a bone with Koestler for indicating certain small countries of Europe as lying on the periphery of the totalitarian field and overlooking a huge oases like the sub-continent of India. Surely, if likely soil for the sowing of the libertarian seed is to be looked for, India, with its age old tradition of peace and tolerance and the new teaching of non-violence by Mahatma Gandhi, holds out the prospects of a rich harvest. The fact that India has not undergone its Industrial Revolution, while perhaps a misfortune from other points of view, is in this respect a veritable blessing. Mahatma Gandhi has made a very valuable contribution to our economic thought by his emphasis on decentralized production and village industries. The acceptance in practice of that contribution may well provide an escape for India from the Managerial *cul de sac*.

Sensitive persons have not failed to notice the difference in intellectual and emotional climate which distinguishes our country from most others. Thus, writing in a British socialist journal, an Englishman in the Services out here wrote: 'Indians seem able to distinguish between the British Government clique and the British man in the street, to hate the one while being friendly to the other. There does not appear to be any Indian equivalent to Vansittartism.'<sup>22</sup> He might have added that attempts made both by the British Government and by the Communist Party of India to rouse racial hatred against the Japanese people have failed to secure any response. He might also have pointed out, in sharp contrast to the rather grim happenings and the vengeful spirit displayed in countries like France, Italy, Czechoslovakia and Yugoslavia, how, when some inhabitants of Shimur were on the point of being executed for alleged participation in a fatal assault on a sub-divisional officer during the August 1942 Rising, the mother of the victim made an appeal for the remission of the sentences passed on the accused: 'No useful purpose would be served by taking other young lives for the life which is already lost.'<sup>23</sup>

There is no doubt that, faced with the totalitarian menace, a finer and cleaner libertarian movement will arise internationally in the place of that which has collapsed. We in India, who are so minded, have an opportunity of laying the correct foundations for such a movement and of being ready to take our place of pride in it when it takes shape. The specific aims and objectives of anti-totalitarianism in this country would naturally be based on the three pillars outlined above. National independence from foreign rule and the establishment of a democratic government responsible to the people; the building up of a planned but decentralized economy and resistance to every attempt to regiment the Indian people; the nipping in the bud of all attempts at dictatorship, whether

they come from Indian princes or from communal organizations or from those who speak in the name of the 'proletariat'; resistance to the militarization of this country and the building up of armaments which would be used in World War III: these are the immediate tasks that face the anti-totalitarian in India.

- <sup>1</sup> U. P. A. Message from London, 14 July, 1945.
- <sup>2</sup> A. P. I. Message, 11 July, 1945.
- <sup>3</sup> Time, 28 May, 1945.
- <sup>4</sup> The Yogi and the Commissar, p. 112.
- <sup>5</sup> End of Economic Man; Future of Industrial Man.
- <sup>6</sup> The Managerial Revolution; The Machiavellians.
- <sup>7</sup> The Yogi and the Commissar, p. 139.
- <sup>8</sup> Why Don't We Learn from History? p. 11.
- <sup>9</sup> Free Europe, 18 May, 1945.
- <sup>10</sup> Tribune (London), 1 September, 1944.
- <sup>11</sup> The Nation, 23 June, 1945.
- <sup>12</sup> Time, 26 March, 1945.
- <sup>13</sup> The Fear of Freedom.
- <sup>14</sup> The Totalitarian Enemy.
- <sup>15</sup> The Yogi and the Commissar, p. 135.
- <sup>16</sup> The Professor, pp. 69-71.
- <sup>17</sup> Labour Action (N. Y.), 23 April, 1945.
- <sup>18</sup> Time, 21 May, 1945.
- <sup>19</sup> Time, 28 May, 1945.
- <sup>20</sup> Reuter message from Moscow, 26 June, 1945.
- <sup>21</sup> The Yogi and the Commissar, pp. 111-12.
- <sup>22</sup> New Leader, 17 November, 1944.
- <sup>23</sup> Free Press Journal, 30 December, 1944.

## CULTURAL RELATIONS BETWEEN INDIA AND RUSSIA

By ACADEMICIAN BARANNIKOV

OLD Russia knew India as a country with an ancient and highly developed culture. Trading and cultural relations with India are mentioned in old Russian epics; the 'Bylini,' folk epics of the Russian people, mention heroes that are in some way or another connected with India. One of these figures from the past was used by Rymsky-Korsakov in the form of the 'Indian guest' (merchant) in his opera *Sadko*.

We have no exact information concerning Indian merchants who may have visited ancient Russia, but we know that there were Indians living in Transcaucasia in the medieval times: they lived on the Caucasian littoral of the Caspian and at Astrakhan. In the seventeenth century they travelled as far north as Moscow and even made their way up the Volga to Yaroslavl.

There is no doubt that Russian merchants also visited India in the Middle Ages for the purposes of trade. An outstanding example of such a merchant adventurer was Afanasy Nikitin of Tver who visited India in the 1460s and stayed there for four years. He wrote a book of travels called *Journey across three seas* which contained considerable interesting information about India. Nikitin's travel notes provide valuable material on the history of the Deccan in the fifteenth century. English and French translations of the

book have been published. The Tsars of Moscow attempted to establish diplomatic relations with the Moghul Emperors. Particularly important is the Embassy which Tsar Alexei Mihailovich, father of Peter the Great, sent to the court of Emperor Aurangzeb. Yusup Kāsimov, the Tsar's Ambassador, however, did not achieve his purpose and direct diplomatic and commercial relations were not established.

At the turn of the seventeenth and the eighteenth centuries the Russian merchant, Semyon Malenky, visited Delhi and Agra and was granted audience by the great Moghul. A member of his suite has described the journey in his diary.

During the eighteenth century a number of Indians visited Russia and several Russians undertook a journey to India. At the beginning of the eighteenth century there was a Hindu living in St. Petersburg who taught Sanskrit to the Russian Academician Bayer. Bayer's studies resulted in his publication of the *Elementa Litteraturae Brahmanicae* between 1732 and 1735. This work, written in Latin, contains the first examples of the Devanagari script printed in Russia. Bayer also spoke of the Dravidian languages (Tamil and Telugu) and of various modern Indian languages.

Throughout the eighteenth century there were many publications, mostly translations from other European languages, which brought Indian languages, literature, religions, manners and customs to the notice of the Russian public.

An example of the extent to which these works spread and of their influence is the life of the Russian musician Gerasim Lebedeff. He was born in the Russian provincial town of Yaroslavl in 1749. In his early youth he was greatly attracted by what he had read about India and determined to study this country. In 1785 he arrived at Madras where he lived for two years as a musician. He wished to study the culture of India and the Sanskrit language and went to Calcutta in 1787 where he lived for twelve years. In his own words, with the help of 'a Bengali schoolmaster named Shree Golooknath Dass,' he began a zealous study of the Bengali language, the 'mixed dialects' and Sanskrit.

After a few years of study he achieved such excellence in the language, that he was able to 'translate two English dramatic pieces, namely, *Disguise* and *Love is the best doctor* into the Bengali language.' With the permission of Sir John Shore, the Governor-General, Lebedeff trained some Indian actors and built his own theatre in Calcutta. The first presentation of *Disguise* took place on 27 November 1795. Lebedeff says: 'After the first and second representations, both of which attracted overflowing houses, I obtained full permission to perform both English and Bengali plays.' Encouraged by this success Lebedeff decided to extend his theatrical undertakings and invested almost all his money in the theatres. His hopes were not fulfilled and, as the result of subsequent competition, he was ruined and had to leave Calcutta in 1799.

Lebedeff then moved to London where he published, in 1801, his *Grammar of pure and mixed dialects....methodically arranged at Calcutta according to the Brahmenian system in the Sanskrit language* in which he described the grammar of spoken Hindustani.

On his return to St. Petersburg, Lebedeff published a big book *An unprejudiced contemplation of the systems of Brahmans in East India, their religious customs and manners of the people* (1805). He printed this book in his own printing works and cast, what was probably the first, 'Sanskrit' (really Bengali) type in Europe. Lebedeff intended publishing a number of other books on India but was unable to fulfil his plans. There is a large amount of material available on Lebedeff on the records. Probably the most interesting is his translation of *Vidya Sundara* (Lebedeff wrote 'Bidde Shundor') of Bharat Chandra Ray which he did in Calcutta.

Although Lebedeff was a musician and received no special training as an orientalist, his work is of great historical interest. He gathered what was, for his time, very extensive material on India and spread his information amongst the Russian public. Lebedeff was the only eighteenth century Russian writer who collected his material in India itself. All other works on the languages, literature, culture and religions of India, which appeared in the eighteenth century in Russia, were based on works of various foreign authors, mostly English.

The first Russian translations of Sanskrit works appearing in the eighteenth century were also based on English translations—*The Bhagavad Gita* and *Sakuntala* (1792).

The first translation of *Sakuntala* was made by the great Russian writer and historian, N. Karamzin. In the 'Foreword' to his translation of Kalidasa's drama, Karamzin wrote 'On almost every page I found such magnificent colour . . . Kalidasa is to me as great as Homer.'

With the development of Indology in the Europe of the nineteenth century, there was a great increase in the number of Russian works on the Indian languages, literatures, religions and culture. At the beginning of the nineteenth century a number of works were published comparing Sanskrit and Russian languages. The first printed work of this type was *Rapports entre language Sanskrit et la language Russe* published, in 1811, in St. Petersburg simultaneously in French and Russian.

At the beginning of the nineteenth century translations of fragments from the *Ramayana* (1819) and a *History of Nala and Damayanti from the Mahabharata* (1820) were published. The first prose translation of the latter was followed by verse translation by the great Russian poet, V. Zhukovsky in 1842. These, and other works from the ancient Indian literature which appeared during the first half of the nineteenth century, were translated from other European languages and aroused as much interest in Russian circles as they did in other European countries.

In 1833 measures were adopted to develop Indian philology in the Russian universities; as in other European countries, this subject was closely connected with a study of the comparative grammar of the Indo-European languages. This resulted in the gradual appearance of Indian literary works translated direct from the originals. Up to the Revolution almost the only works translated were from Sanskrit and Pali. Hymns of the 'Rigveda,' 'Atharvaveda' and separate poems from the *Mahabharata* and *Ramayana* were translated; laws

of Manu (the *Manusmrti*) and Kalidasa's drama (translated by K. Balmont, leading poet of the early XX century), the *Hitopadesa*, *Dasakumaracharita*, *Vetalapancavinsatika* and other Sanskrit works were all translated.

The development of Indology in Russia was aided by the establishment of chairs of comparative philology and Sanskrit in all Russian universities. The greatest service was rendered by the Universities of St. Petersburg (Leningrad), Moscow, Kiev, Kazan, Kharkov and Odessa. The Professors of these universities wrote Sanskrit grammars (Uossowich, Minayev, Kudryavsky, Bogoroditsky, Knauer and others). The University Professors placed particular emphasis on the study of the Vedic literature, and many works of this period in Sanskrit literature were published.

Since the early part of the nineteenth century the organizing centre of all Indian studies has been the Academy of Sciences where Indology was organized on an international scale, as well as within the bounds of Russia. A good example of this work was the publication of two Sanskrit dictionaries —a complete dictionary in 1862-1875 and a shorter dictionary in 1879-1889. These dictionaries, known as the St. Petersburg Dictionaries, were used throughout Europe for almost a hundred years. The Chief Editor of the dictionaries was Academician O. Boethlinek and he was assisted by a large number of scholars from various countries, in addition to his Russian colleagues. In order to make the dictionary of the widest possible use, it was published in German.

Ever since Indology became an independent branch of study in Europe, the Academy of Sciences has made every effort to provide the best possible conditions for work in this field as in the study of all other oriental countries. The best oriental institute in the USSR (Institute of Oriental Studies, formerly the Asiatic Museum) belongs to the Academy; the Department of Indology occupies an important place in this institution. The Institute workers have gathered a fine collection of ancient Indian manuscripts which is at present kept in the Manuscript Repository of the Saltykov-Shchedrin Public Library in Leningrad. The Academy's Ethnographical Museum has a fine collection of exhibits on Indian ethnography and art. A part of this collection is permanently on view in the museum at Leningrad.

Research work in the field of Indology in the pre-revolutionary Academy followed two main lines: linguistic research, publication of dictionaries and works of Indian grammarians, Sanskrit texts etc., and, secondly, a study of Buddhism.

The first scientists to undertake a profound study of Buddhism were Professor V. Vassiliev (1818-1900)—a Sinologist by training, and Professor A. Minayev (1840-1890).

Minayev possessed an erudite knowledge of Sanskrit, Prakrit, Pali and modern Indian languages. He published many ancient Indian literary works. Unfortunately, his great Buddhist research, begun in 1877, was never finished. Professor Minayev wrote one of the first grammars of Pali which has been translated into French and English. He also made a deep study of Indian folklore. Professor Minayev made three trips to India: 1874-75, 1879-80 and 1885-

86. During all these trips Minayev kept a diary which contains much that is of historical interest.

Professor Minayev's pupils continued his work. In the study of folklore, especially the *Jataks* and Indian fairy tales, great success was achieved by Academician S. Oldenburg who also made a study of Indian, chiefly Buddhist, art. Academician F. Shcherbatsky studied Indian (Buddhist) logic and philosophy. His works are well-known both in Europe and in India. These two great scholars organized a study of northern Buddhism on a grand scale. They instituted a series of Academy publications under the general title of *Bibliotheca Buddhica* to which scholars from many countries of Europe and Asia contributed.

Two other pupils of Minayev's were Professor Kudryavsky, a linguist, and Professor Mironov, scholar of literature.

After the Soviet Revolution of 1917 the study of India was greatly extended. The old school of Indologists of Academicians S. Oldenburg and F. Shcherbatsky, as well as their pupils, continued their extensive and well-known researches into Buddhism. It was in the early post-revolutionary period that Academician F. Shcherbatsky wrote his best work on Indian philosophy and Academician S. Oldenburg continued his comparative study of Indian folklore and Indian art.

The Soviet public showed considerable interest in the cultural languages and literature of modern India. Especially popular were the works of Rabindranath Tagore, translations of which were begun even before the first World War. Within a few years after the Revolution all of Tagore's works were translated into Russian and some of them appeared in several different translations. Somewhat later other authors translated into Russian were Bankim Chandra Chatterji (*Sabib has come*), Lalaji Lal (*Prem Sagar*), Prem Chand, Mir Amman (*Baghabhar*), Ghalib, Zhauq and Sayid Haidar Baksh Haidashi (*Tota Kahani*) as well as other writers belonging to various modern periods.

The Academy of Sciences of the USSR has included a study of modern Indian philology in its work. Two lines are followed—the first, pure linguistic and literary studies, including translations of more modern classics (complete translations of Tulsi Das *Ramayana* and others have been made) and the second is history.

Parallel to this the study of ancient Indian philology continues; a translation of *Arthashastra* has been completed and work is still proceeding on the translation of the *Mahabharata* etc.

A special branch of Soviet Indology is the study of gypsies, covering ethnography, folklore, compilation of grammars and dictionaries etc.

We have mentioned already that some of the greatest Russian writers and poets have translated Indian literary works. Leo Tolstoy and Maxim Gorky, two of the greatest writers of the late nineteenth and early twentieth centuries, showed great interest in and appreciation of Indian literature. They maintained correspondence with a number of leading Indians.

I would remind the readers that Rabindranath Tagore had visited the Soviet Union. At the time of the recent jubilee of the USSR's Academy of

Sciences, Professor Meghanad Saha, a leading Indian scientist, visited Moscow and Leningrad and the present writer had the pleasure of meeting him.

This brief account shows that cultural relations between India and Russia have been constantly developing. In conclusion, I should like to express the hope that there will be further development and strengthening of relations between the two countries.

## FASCISM IN JAPAN\*

*By CHEN HAN-SENG*

It is as unfortunate as it is true that there are people who, like Colonel J. L. Kotelwala, the Minister of Communications and Works of Ceylon, deplore the defeat of Japan because Japan used to give them the cheapest silks and shoes. These people simply fail to realize the horrible exploitation of Japanese labour, and that even cheaper and better silks and shoes are possible if new machines and better ways of distribution were installed. As long as the world at large is still somewhat confused with the vital political issues of the day and is unable to discriminate the essential from the trivial and the social from the individual, the danger will always exist of being exploited by totalitarianism, or party or personal dictatorship. This is why Hitler's ideas, even in America, are dangerously alive, though Hitler may be dead and gone. Hitler's race dogmas, his bigotry and his medieval witchcraft, with all his inflammatory techniques, are still echoed and copied by many would-be Fuehrers who view his failure only as an unfortunate mistake but hardly an object lesson. Benito Mussolini was carried to a village in Tremezzino on 28 April 1945 and shot dead by Partisan Dino Clerici. But four months later, on 29 August, British fascists marked their return to London by driving under cover of darkness to Finsbury and plastering the bust of Lenin in black paint. They left a 'swastika' on his forehead with 'Judah' painted in yellow in front of the bust.

We must remember that Germany signed her surrender in the ruins of Berlin, but Fascist Japan is a wounded beast still living. The Japanese fascists have let the war end before their military, political and economic powers and structures are utterly destroyed. As Japan's homeland has not been turned into a battleground, her people do not easily share in the feeling of defeat. With the existence of the imperial household as a protecting screen, the reactionary forces in Japan will seek to collaborate with them so as to preserve themselves. In the treacherous design of the Japanese fascists the seed is sown of a new war.

Japanese political life has been dominated by military cliques and big business trusts, with terrorist groups acting as valuable instruments. Liberal political leaders were thus murdered between 1931 and 1936, including

\*Since this article was written, the Shidehara Cabinet has replaced the Higashi-Kuni Cabinet; this, however, has not altered the fundamentals of the position taken by the author. Ed.

Hamaguchi, Inouye and Takahashi, by the Japanese fascists working under the cloak of secret societies. Even an American author, Professor J. F. Norman of the Iranian Institute and School of Asiatic Studies in New York, who praised Japan in 1944 and said that capitalistic principles did not prevail in Japanese economy, somehow unconsciously described Japan as a fascist nation, after the pattern of Nazi Germany. In his recent book, *Asia Between Two World Wars*, he lauded Admiral Mahan's keen observation that as early as forty-five years ago Japan was already Teutonized; and Norman declared: 'It is impossible to deny an emotional similarity between contemporary Germany and Japan.'

According to Prof. Norman's own description, the industrialization in Japan was originated and developed by the Government and is now controlled by it. The imperial household is deeply interested in many industrial enterprises, and still controls much of the forest and mining resources of the nation. It has been estimated that the hill and forestry properties alone in the possession of the Japanese Emperor are worth forty billion yen or more. Norman again pointed out that the private economy of Japan is concentrated in a few hands. The big three (Mitsui, Mitsubishi and Sumimoto) control 22·65 per cent of the financial capital of the country, and in combination with Yasuda, Shibusawa, Kawasaki, Yamaguchi and Konoike, who are second to them, in strength, control 52·67 per cent.

The Japanese fascist diplomat, well-known for his policy of Japanese withdrawal from the League of Nations, once declared before a meeting at Geneva: 'Japan does not need *Il Duce* or *der Fuehrer*; the unifying influence of the Imperial person is, as of old, the backbone of her national life: the supernatural basis of primitive society expresses itself in the religious belief in the divine origin of the Emperor.' In other words, Hirohito is as good as Hitler or Mussolini, if not better, and rules in a similar fascist framework; and the logical development of the conception of a Divine Emperor must be something like a *Herrenvolk*, or the master race.

#### THE OLD PLUTOCRATS AND THE NEW

The rise of Japanese fascist power, a matter of only twenty years or so, was identified with the rise of the new plutocrats in Japan, who have been the so-called heavy industry people, whose business has been greatly fostered by the Government budgets. Associated with them are a few large landlords who have invested heavily in munitions industry and in mines, including the imperial household. The majority of those importers who handled raw materials for munitions was also with them. Since 1922, the year of the Washington Conference and the Nine Power Treaty, and especially after the Mukden Incident in 1931, their influence and power have been constantly increasing over those of the old plutocrats in Japan. These old plutocrats were light industry people, chiefly the textile magnates, like Fuji, Toyo, Dai Nippon and Kanegafuchi, their bankers, the majority of Japanese landlords and also a majority of the export merchants.

That the power of Japanese fascists was on the increase was indicated by

the position of the State's finances. In the annual State budget right after the Japanese invasion in Manchuria, nearly half of the total expenditure was allotted to the Army and Navy; and of this the larger half was for the purchase of munitions and other war supplies. Of the Army budget no less than 32 percent was spent in Manchuria. In 1935, just about ten years ago, the Japanese Army and Navy spent 410 million yen on purchase of munitions and other war supplies from private factories, while not more than 21½ million yen was spent on the purchase of rice and other foodstuffs.

Between 1929 and 1932 the tempo of development with the old plutocrats was about the same as with the new ones. Since 1932, however, the decline of the old type of plutocrats became very marked. The Hayashi Cabinet tried to restore the balance, but it was overthrown and was substituted by the Hirota Cabinet. By this time the new plutocrats, their bankers and the military leaders, with the backing of the imperial person, welded themselves together into a solid bloc of Japanese fascists. They openly declared that the armament industry was the main factor sustaining Japanese prosperity.

Naturally there was a difference between the two groups as regards the external relations of Japan. Whereas the old plutocrats, chiefly textile magnates, were for an immediate market expansion on the continent and in the South Seas, the new plutocrats, chiefly the munitions people, were for the immediate acquisition of raw materials, of which the most important was coal. Whereas the former was advocating a diplomatic measure for Japan's problems in China, the latter frankly agitated for military aggression. Kodama's Mission, the so-called Japanese Economic Mission to Nanking and Shanghai, in March 1937, was the last attempt made by the Japanese 'moderates' or the old plutocrats. Upon its return to Tokyo it recommended the abolition of the Japanese puppet regime in East Hopei and some measures of control over the Japanese smuggling in China. These recommendations were defeated and the new plutocrats, the backbone of the Japanese fascists, won the day. In July of that same year the so-called 'China Incident,' which means the Japanese attack on Chinese troops in Peiping, started off the Sino-Japanese War which was officially ended on 2 September 1945 when the Japanese Foreign Minister signed the Japanese surrender to the Allied Nations.

Nevertheless, the two groups of Japanese plutocrats have come close together ever since the beginning of the Pacific War towards the end of 1941. For by that time there could not be any ground for difference of policy between them. All the coastal areas of China and almost all the South Seas had become the potential Japanese monopoly market, and the light industrialists in Japan had nothing better to wish for. It was true that they still had certain conflicts in China regarding the questions of State Corporations and policies of trade and capital investment. But both groups saw eye to eye with reference to military and naval expansions. Up to the time of Japanese surrender, therefore, the interests of both groups were well represented in the Suzuki Cabinet. Representing the 'moderates' were Tadatsu Ishiguro

(Minister of Agriculture and Commerce) Massao Sakonji (State Minister), Teijiro Toyoda (Minister of Munitions), and Naoyasu Murase (President of Legislative Bureau). All these men used to be the members of the Konoye Cabinet; all have been favourably commented as sensible and admirable administrators by Joseph Grew, who was responsible for formulating the American policy of receiving the Japanese surrender. In his remarks on the Suzuki Cabinet, the Japanese liberal Shiomi Seisaku, who is in China and co-operates with the Chinese Government at Chungking, said:

'The Conservatives in Japanese politics are no longer entertaining their past political conceptions; since the outbreak of the Pacific War they have conspicuously changed into Japanese chauvinists. For instance, the well-known liberal Kimomura, who has represented the *Asahi Shimbun*, has been converted into a jingoist.'<sup>1</sup>

#### DEFEAT AND SURRENDER

The fundamental change that has taken place in the entire international situation—the bankruptcy of the 'Axis' and the sudden collapse of Nazi Germany—brought about an acute military and political crisis in Japan. Already on 16 February 1945 events had occurred which revealed the fatal vulnerability of the Japanese islands. A powerful American task squadron approached Japan on that day within a distance of three hundred miles; after that American aircraft bombed fiercely Japanese military objectives, including those in the region of Tokyo. Uninterrupted bombing took place all through the 16th and 17th of February and was repeated on 25 February. At the same time Flying Fortresses bombed the Japanese capital and caused serious damage. The Japanese Command was obliged to admit the effectiveness of the raids.

Even the fascist leaders in Japan could no longer conceal the serious influence the extremely unfavourable war situation was having upon the morale of the people. They were seeking ways and means of raising the rapidly drooping spirit of the Japanese and of strengthening their extremely precarious position among the people at large, and also among those circles which began to realize the hopelessness of the war launched by the Japanese fascists. This was precisely why the 'surrender' clique in the Army organized a 'Protect the Nation League' towards the end of June this year. This was supported by General Manzaki, General Mongo, Lt.-General Kobayashi, and the Japanese plutocrat Sumitomo. On 28 June the Japanese Premier Suzuki called a meeting of all the elder statesmen, including all former Premiers. He told them that there were indications that the Soviet Union was going to declare war against Japan. The meeting decided to ask the Government to instruct the Japanese Ambassador in Moscow to pay special attention to the Soviet attitude, and also to ask the Government to prepare a set of proposals to be submitted to the Big Three at Potsdam. In the meantime, the 'Protect the Nation League' suggested that 'a democratic government be formed by way of preparing the surrender.'

The destruction of the Japanese Fleet at Yokosuka on 18 July disturbed

the mind of the Queen Mother, who proposed the organization of a peace commission to decide the issue of war or surrender. Twenty-one members of the Commission met including Prince Konoye, Baron Hirensuma, General Tojo, General Sugiyama, General Minami, General Ugaki, Admiral Yonai and Admiral Okada. They decided to surrender and they agreed to ask for a set of terms, including as the prerequisite that the Emperor should retain sovereign power. Before these terms could be forwarded to the Allies, however, the Potsdam Declaration was announced. Then the Americans dropped the two atom bombs and the Soviet Union declared war, thereby leaving Japan without a suitable mediator. Between the first atom bomb which obliterated Hiroshima and the second one which hit Nagasaki, and on the day on which the Red Army crossed the frontier into Manchuria, the commission met again; and as a result of this emergency meeting it was decided to offer surrender directly to all the Allies. In offering the 'unconditional' surrender, fascist Japan insisted upon the retention of the royal prerogatives of the Japanese Emperor.

Of the Allies against Japan, the United States of America led the fight. America, therefore, has had the dominant influence in the matter of accepting Japan's terms. In America there was a controversy with regard to this issue. Generally speaking, Americans split into two groups, one favouring a very hard peace and the other, terms which could permit the eventual rebuilding of Japan as a strong power in the Far East. To the latter belong those Americans who fear and distrust the Soviet Union. Their idea is for a compromise peace with Japan. 'Their idea seems to be that Japan would be useful as a buffer State to aid in the control of Russian activities in the Far East.'<sup>2</sup> In the State Department in Washington, J. Dunn's pro-Franco policy was well matched by Joseph Grew's pro-Japanese policy. Between 1937 and 1941 Grew was in favour of America's sending scrap iron and petrol to Japan to aid the war against China. The policy of sending oil, sugar and other strategic materials to Spain has not ended, as yet. In order to facilitate the Japanese surrender, the Anglo-American-Chinese ultimatum issued at Potsdam on 26 July 1945 was made to contain terms more lenient as compared with those demanded of Nazi Germany. The Potsdam Declaration, originally drafted by Joseph Grew and his associates, was silent on the question of the future status of the Japanese Emperor. This left a distinct possibility of the Emperor being retained if other conditions were met. But this also gave the Japanese fascists a good bargaining wedge and an excellent basis for all their juggles to come.

Of course there was a temporary confusion in the camp of Japanese fascists directly after the Potsdam Declaration. A minority of the more radical faction wanted to continue the fight on the Asiatic Continent, while the majority of the fascists wished for a compromise peace. At first the radicals had their day, and consequently the Allied views were definitely rejected. But, later, after the Soviet entry into war, and under the direct supervision of the Emperor, the fascists came to their policy of surrender and juggle, as embodied in their note of 10 August to America, Britain, China and the Soviet

Union. This note was to accept the Potsdam ultimatum 'with the understanding that the said declaration does not compromise any demand which prejudices the prerogatives of His Majesty as a sovereign ruler.'

This proviso was regarded by the outsiders as very natural and rather innocent. It was interpreted in some quarters as being no more than a request that the Emperor be retained. Hence, a general view developed that, if the Japanese felt so deeply about their Emperor, we should not risk lengthening the war by insisting that he lose his throne. By a serious second-thought, however, it must be realized that 'the prerogatives of His Majesty as a sovereign ruler' are identical with the powers of the Throne under Japan's autocratic constitution. Allied acceptance of this proviso would seriously affect the completeness of victory. By insisting upon this proviso or formula, the Japanese fascists no doubt had two objectives in mind. First, this would enable them to maintain their grip on their own people and probably would secure the help of the Americans in carrying out this policy. Second, this special provision concerning the royal prerogatives would easily establish the argument against Allied controls in Japan. They thought that they could use 'His Majesty's sovereign power' in rejecting any particular measure of control which could be construed as a violation of the Allies' pledge to respect the Emperor's rights.

On the surface it would appear that this trap was avoided by the Allies' reply on 11 August through Secretary Byrnes from Washington. The text of this note said that the Emperor's authority was to 'be subject to the Supreme Commander of the Allied Powers, who will take such steps as he deems proper to effectuate the surrender terms.' The Emperor was to serve as an instrument of the Supreme Commander, while 'the ultimate form of government of Japan' was to rest on 'the freely expressed will of the Japanese people.' In this way the Big Four evidently wanted to make use of the Emperor to implement the surrender of the Japanese fighting forces, but refused to commit a long-term pledge. The immediate effect of the Byrnes note was an arrangement for the official Japanese surrender. But whether or not the Allies will work together and will actively encourage the people in Japan to form their own democratic government without the imperial form, remains to be seen. The terms of the Potsdam Declaration are not too explicit and still leave many issues unsettled. It is not certain whether the Allies would fall into the trap of the Japanese fascists or whether they would eventually avoid it.

The Japanese fascists even went as far as to prepare the probable abdication of the present Emperor Hirohito. According to news from Tokyo,<sup>3</sup> the eldest son of Hirohito, 13 years of age and named Akihito, has been recently installed as the Crown Prince and Shigoto Hozumi, the most reactionary politician, as the Crown Prince's tutor. The traditional Japanese custom in connexion with the installation of the Crown Prince would require an official announcement of one year in advance. This custom was not at all observed and there was no magnificent celebration held for Akihito. All this would indicate that Hirohito is prepared to abdicate the Throne to

Akihito as the new Emperor whenever the situation demands. This juggling of preserving the royal prerogatives is evidently reserved for the Allies in the future.

#### HIROHITO'S BROADCAST

Hirohito probably is, as Joseph Grew maintains, a moderate man, much more moderate than the fascists and militarists around him. But what matters is not so much a person as a system. Emperors come and go, but represent a system in Japan which teaches all loyal subjects that war and conquest are an essential part of their life. The best description of how Grew was completely hoodwinked by the charming and 'moderate' nobility around the Emperor, has been told by a young U. S. Naval officer, Andrew Roth, who was promptly imprisoned after his book was submitted to superior officers for clearance, and who still faces a charge of using Government documents for his own writing. Lieutenant Roth's book, *Dilemma in Japan*, will probably be published by Little, Brown & Co., in Boston. From a reading of this book one will understand how the Japanese fascists have from the very beginning succeeded in fooling Ambassador Grew, who, until just before Pearl Harbour, kept telling the State Department that the Emperor did not want war.

Of course, the Emperor 'did not want war.' In his address before the Japanese Diet on 5 September 1945, Premier Higashi-Kuni said:

'I am told that at the time immediately preceding the outbreak of the war, His Majesty was deeply distressed with the thought that should a major world power like Japan cross swords with America and Britain, it would bring incalculable destruction and confusion and would be the worst imaginable calamity for humanity. Expressing his desire to tide over the crisis and preserve the peace of the world by removing the misunderstanding between Japan and the Anglo-Saxon countries, His Majesty exhorted the council to do everything possible to reach an amicable settlement. The attitude of His Majesty in this regard underwent no change following the declaration of war and his mind, as deep and broad as an ocean, was always turned to the question of how to secure the peace of the world.'

But the Japanese Emperor seemed to have been quite tolerant right along towards the war which cost Japan from 1940 to 1945 over 221,935 million yen (53 per cent of it covered by public bonds) and which brought about no less than 5 million casualties of the Japanese Army and Navy. All this was only because of a kind of 'misunderstanding,' and no mention was made by the Japanese Premier of the Sino-Japanese War, which if ever described must have been another 'misunderstanding.'

Let us hear what the Japanese Emperor himself has had to say. On 15 August 1945 he spoke to the Japanese nation over the radio, and it was the first time in Japanese history that the imperial person went to broadcasting. The gist of Hirohito's broadcast is as follows: Japan fought the war for the 'self-preservation and stabilization of East Asia'; and the acceptance of the terms of the Potsdam Declaration to end the war was because 'the war situation has developed not necessarily to Japan's advantage, while the trends of the world have all turned against her interest.' Hirohito ended by urging his

subjects to 'work with resolution so that you may enhance the glory of the Imperial State and keep pace with the progress of the world'. This is tantamount to refusing to admit the unjust aggrandizement and aims of the Sino-Japanese War and the Pacific War, and refusing to admit the defeat of Japan. Hirohito even made mention of the recovery of national power and hinted at preparing for revenge in future.

On the next day the *London Times* commented that 'one theme has been dominant in the broadcast of Hirohito: the Japanese have lost its war, but this is temporary.' *The Yorkshire Post* said, 'clearly the ground was already being prepared for a resurgence of the old aggressive Japan. No time should be lost in making it clear to those concerned that this kind of duplicity will not be tolerated.' *The Manchester Guardian* was equally vehement on this. Its 16 August editorial remarked:

'It may still be found necessary, if not to destroy the Imperial Throne itself, at least to destroy the unhealthy and primitive myth which makes it so formidable an instrument. There is something deeply wrong with an intelligent and progressive nation which surrenders its soul and conscience to the worship of a man-god.'

The New York newspaper *P. M.* on 17 August warned that the Allies were retaining Emperor Hirohito through a policy of opportunism and because of their fear that Japan may turn Communist if the Emperor was deposed. *P. M.* even asserted that when the Japanese answer came to the Allied demand for complete surrender it was carefully restricted in wording to a military surrender only. The Japanese oligarchs, plutocrats as well as militarists, could still say that they did not surrender politically.

Yes, Japanese fascists and those Japanese who are under their influence, still think that Japan has not surrendered politically. Commenting on the arrival of General MacArthur in Japan, the *Nippon Times* in Tokyo said on 30 August that it was an event as significant as the arrival of Commodore Perry 92 years ago. 'It may well prove again to be a blessing in disguise which will open Japan once more to newer and greater enlightenment.' On the same day Toyohiko Kagawa, a well-known Christian social worker in Japan, contributed an article to *Yomiuri Hachi*, in which he revealed the understanding of the Japanese people in general as regards the Japanese surrender:

'It is an indisputable fact,' said Kagawa, 'that up to the moment the Imperial Rescript accepting the Potsdam terms was announced, the Imperial Army, Navy and Air Force, burning with indomitable fighting spirit, had been pointing their guns at you officers and men of the United States forces. The entire Japanese nation had been determined to fight to the bitter end and there was not a single Japanese in the Homeland who had not been prepared to risk his life or home. Yet the Imperial Rescript signalled a sudden and complete switch over of the whole Japanese people from war to peace without any discontent or disorder. Such are the Japanese people who are always ready to support the throne and follow the leadership of the Emperor. The entire Japanese nation weep in repentance for their failure to live up to His Majesty's expectations in prosecuting the war.'

On Sunday, 2 September 1945, when the official ceremony of surrender

took place on the U. S. battleship, one of the leading Indian newspapers, *The Hindu* of Madras, pointed out in its editorial:

'Two things have been clear from the statements made from Tokyo since the cessation of hostilities. The first is that the Emperor took the initiative in starting negotiations with the United Nations....when the bulk of the army numbering five million still remained undefeated. The second factor has great relevance to the future. From the statements issued from Tokyo it was evident that there was no apology or shame for starting the war. Whether it was the Emperor who was speaking or Cabinet Ministers, they were only expressing regret to the people that the war had ended in defeat because of the unexpected use of the atomic bomb. The fact that Japan's strategic position had deteriorated both in sea and air long before the atom bomb was used or Russia had joined the fight has been hardly mentioned. All this goes to show how difficult the initial task of purging the spirit of militarism is going to be.'

With a full realization of what Hirohito's broadcast to his subjects meant, Australian anger found forthright expression. An official world broadcast by the Canberra Department of Information declared that the Japanese Emperor's statement was the first shot in the next war. The Australian Minister for External Affairs, Dr. Herbert Evatt, had made it clear at the time of the Potsdam Declaration that the national feeling in Australia was against any soft peace for Japan. Again, at the time of Japanese surrender Australia did not want Hirohito to be retained. The Australians feel that they must live and trade with the Japanese and are not to risk future aggression. They do not trust the Japanese fascists as they remember the Japanese treachery in 1941 when Japan struck at Pearl Harbour while her envoys were discussing peace prospects with President Roosevelt.

#### THE NEW CABINET

Two days after the Emperor's announcement of the Japanese surrender, the new Japanese Cabinet was formed. Are not all the ministers in this new cabinet war criminals who have either prepared or conducted the war in the Pacific? Take Prince Higashi-Kuni for example; this new Premier was, until a month ago, the Commander-in-Chief for the defence of the Japanese home islands. He is the only one member of the Japanese royal family with the general standard of intelligence. The other members of the royal family are all below the level of the ordinary people. Kuni, therefore, may be said to be a representative personage of the imperial house. As his name implies, he came from a branch of the family of the present Empress. Two years ago, when his eldest son Mariatsu was married to the eldest daughter of Hirohito, the relation of the Higashi-Kuni family with the Emperor was rendered more intimate. His formation of the new cabinet was obviously determined in the royal family conference on 12 August, though he was directly called upon by the Emperor to do so.

Though Higashi-Kuni is the Premier in the new Cabinet, Prince Fumimaro Konoye participates as a sort of vice-Premier, under the official name of Minister of State. In view of the majority of the cabinet ministers being adherents of Konoye, this is virtually a Konoye Cabinet. This cabinet, under

the real control of such fascists like Nakajima, Iwata, Sengoku, Matsumura, Murase and Kohiyama, does not include anyone who is in a position to promote democratic politics in Japan. The organization of the cabinet also sticks to the old system, retaining the characteristics of a war-time cabinet.

Prince Konoye came from the nobility and is specially connected with Saionji, the late Genro. He had been vice-President and President of the Japanese House of Peers. In May 1934, at the time that Japanese Foreign Minister Hirota was chanting the 'conciliatory diplomacy,' Konoye went to the United States as a representative of Hirota to appeal to the governmental authorities as well as to the people of America. He made a crooked explanation of the Mukden Incident and elucidated the Japanese stand since then, as well as their advocacy of peace for the new world. In October 1941, when Konoye was Premier for the third time, there was instigated the attempt on Hiranuma (who was the motivator of the Konoye Cabinet) as a result of the impatience of the fascists in starting the Pacific War; and as the fascists were also against Konoye, his cabinet was eventually undermined and went off. Such being the case, there might be people who would take Konoye as a 'moderate.' We must not forget, however, that Konoye's 'revaluation' of China policy led to the aggression on China, and the setting up of Wang Ching-wei's puppet regime in Nanking, while his 'new policy' was transformed into the triple alliance of Germany, Italy and Japan and led eventually to the Pacific War. Konoye himself may be considered as a 'moderate,' but his policy aimed at and resulted in war and aggression.

Mamuro Shigemitsu, who signed the surrender document before the eyes of the American and other Allied generals, is still the Japanese Foreign Minister. His wife is the daughter of Ichikura Hayashi, the notorious Osaka financial plutocrat. During the Sino-Japanese war he was once ambassador to the puppet 'Nanking Government;' and at the time when the Pacific War turned unfavourable for the Japanese in 1943, and Tojo was re-shuffling his cabinet, Shigemitsu was chosen as the Foreign Minister to launch a peace offensive against the Allies. Since the Mukden Incident in September 1931, there has never been a Minister of War who did not vehemently advocate aggression. When Higashi-Kuni first formed his cabinet, he found it hard to find a War Minister with certain prestige and not belonging to the radical fascist group. Consequently he held this post of War Minister concurrently. Now, as the lenient attitude of the Americans becomes more apparent, he has recently appointed Shimomura, former Commander-in-Chief of the Japanese Army in North China, as War Minister.

On the other hand, Higashi-Kuni changed the name of the Munitions Ministry to Commerce and Industry Ministry, and the name of the Agriculture and Commerce Ministry to Agriculture and Forestry Ministry, in order to meet the Allied criticism. In the meantime, the great East Asiatic Affairs Ministry has been merged into the Foreign Ministry. Kotaro Sengoku is still the Minister of Agriculture and Forestry, and Chikuhei Nakajima remains as Minister of Commerce and Industry. Nakajima is well-known as a fascist plutocrat who made his fortune during the war as an aeroplane

magnate. Sengoku is a prominent representative of the big landlords in Japan. He sponsored the 'Twenty-year War Society' which aimed at the continuation of war against America and Britain for the next twenty years to come. By juggling with mere names these war criminals still dare to do their business in the open.

#### FASCIST TRENDS

The present Japanese Cabinet is best viewed as an instrument of the fascists and semi-fascists who are attempting to preserve their political regime, i.e., by utilizing a group of persons who might possibly be regarded by a certain group of people in the United States as 'moderates' to form the Cabinet and thereby are using it to negotiate with the Allies. At the same time drastic measures have been taken to suppress democratic activities within and without Japan. The appointment of Iwashi Yamasaki, who came from the Japanese police, as the Minister of Interior Affairs is a clear proof of this. The Japanese Board of Information announced on 28 August that the new Ministry of Interior Affairs had fixed regulations for the control of public associations and societies. Permission must be obtained for the forming of any public association by application to the police authorities.

The Japanese fascist clique is obviously afraid that the Japanese people may begin to question their leadership which after a brief period of glory has plunged the nation into chaos, misery and death. Through the adoption of the Emergency War Measures Act on 12 June 1945 the Japanese Diet handed over to the fascists the uncontrolled power they had long sought. Through the system of one-party rule, for which the *Dai Nippon Seijikai* had been created in April 1945 as Japan's only political and fascist party, the Diet had already been in the grip of the fascists. It is crystal clear that this one-party affair does not represent the Japanese people at all. *Yomiuri Hoki* (Tokyo) criticized this system on 31 July this year by saying that this 'Great Japan Political Association' under General Minami could be regarded only as the nation's official representative. 'A general election is not to be held for some time. Hence, objectively, it is difficult to envisage whether the Association in its present form really represents the will of the general public.' Now that the Japanese government has announced a general election in January 1946, the fascists are busy in rearranging their political control.

This they are able to do, thanks to the toleration of the Allies, by the 88th Extraordinary Session of the Diet, from 4—6 September 1945. Out of the total number of seats in the House of Representatives in this Diet Session, more than 80 per cent belonged to the *Dai Nippon Seijikai* or 'Great Japan Political Association.' It is expected that through this Diet Session and under the guidance of this fascistic Association, new election laws will be fixed and new parties will also be hatched. The *Nippon Times* (Tokyo) on 21 August remarked that with the dissolution of *Dai Nippon Seijikai* after the Diet Session Japan's omnibus political organization would give place to freer politics. But the paper warned: 'If the trend toward freer politics has the motive of currying favour with the Allied Powers by appearing to fall in with their democratic ideology, and if there is any conscious design to shorten the period

of Allies' military occupation by appearing to comply quickly with the Allied demand for the establishment of a democratic regime in Japan, the result will be unfortunate.' This clearly reflects the Japanese fascists' present design of changing one-party to a multiple-party system but retaining their power through the operation of the most dominant party yet to be organized.

It seems that by next January when the election comes there will be at most five parties in Japan, officially recognized and represented in the Diet. The dominant one will in all probability be the successor of *Dai Nippon Seijikai*. Under a new name this party will be led either by the former Minseto leader Chuji Machida, or by the former Seiyukai man and the present Minister of Commerce and Industry. For most of the members of *Seijikai* are former members of *Seiyukai* and *Minseto* parties. The Commerce and Industry Minister Nakajima has a great influence over the *Seiyukai* people, because he has been subsidizing them with an annual amount of four or five million yen of funds. He has been highly praised by Prince Konoye.

Next, there will be a successor of the *Seiyukai* party, probably under the name of *Nippon Jiyuto* or Japan Liberal Party. Ichiro Hatoyama, former Chief Secretary of the *Seiyukai*, may become its leader. A section of the former *Seiyukai* is expected to join this new party, with the support of such members of the House of Representatives as Naozumi Ando, Hitoshi Ashida and Katsu Kawasaki.

A third party may be formed by the *Toa Ren Mei* or 'the East Asia Federation' under the leadership of retired Lieut.-General Kanji Ishiwara. Since 1941 Ishiwara has been living on his farm in Yamagata, but recently he is active in public affairs again. In his speech on 31 August 1945 at Utsunomiya in Tochigi Prefecture, he analysed the basic causes of Japan's defeat and reaffirmed his belief that there should be a separation of military and political powers as in the Meiji era.

A fourth party may be formed by the members of the former Japanese Chamber of Commerce and Industry. The former President of the Chamber, Aiichiro Fujiyama, and other leading industrialists are preparing the ground for a new party of their own. The nucleus of this party will be members of the *Nippon Shoko Keizakai* or 'the Japan Commerce and Industry Reconstruction Society,' which is the successor of the Japanese Chamber of Commerce and Industry.

The above-mentioned four parties may not all be formed or be equally powerful. But undoubtedly the first one will become the most powerful and dominant party, the masked fascist clique, and thus the other parties will be more or less dictated to by this first one. All of them do not make for democracy, because, as the Tokyo *Asahi* commented on 31 August 1945, 'looking back on Japan's political history during the past decade, one will not fail to find the reasons why political parties lost power. It was the corrupt practices of party politicians that helped the military and officialdom to assume the reins of Government.' The *Minseito-Seiyukai* coalition, hatched by the *Dai Nippon Seijikai*, will tower over all the other parties, as, besides Chikuhei Nakajima, there are other strong and powerful supporters like

General Kazushige Ugaki, Admiral Kichisaburo Nomura (former Ambassador in Washington) and Fusanosuke Kuhara.

A fifth party may take the name of *Nippon Shakaito* or Japan Socialist Party. It will take in the former members of 'Labour and Farmer Party,' 'Social Mass Party,' and 'Farmers' Association,' all of which were suppressed before the outbreak of war. The leaders of this new party may include Chozaburo Mizutani, Rikizo Hirano, Suchiro Nishio, and Juichiro Hatoya. A section of the 'Labour and Farmer Party' is discussing whether to join this new party, or to revive the old party itself. Their former leader, Yukuo Oyama, is still in the United States. A former member of the 'Social Mass Party' and an outstanding Japanese politician, Mitsu Kono, strongly advocates the formation of the *Nippon Shakaito* for handling the post-war politics.

The speed with which the Higashi-Kuni Cabinet now moves certainly spells the fate of the *Nippon Shakaito*, or any left-wing group or coalition. As all left-wing parties and organizations were subject to persistent and merciless persecution by a series of war-cabinets since 1941, they will need time to reorganize themselves for any new party organization or for general election. Evidently the Japanese fascists try to hurry up the election by next January so that their dummy parties could capture the Diet without difficulty. They know, as well as we do, that it will take probably two or three years before the real democratic parties have a chance to stand on their own footing. The Japanese fascists are good at a political *jū-jitsu*. They have a skilful scheme of winning the short military occupation of Japan and at the same time setting up the same old groups in business against a true democratic system.

In the present political setting in Japan, the Japanese fascists and ruling circles would have no difficulty in all kinds of manoeuvring to preserve part of their military strength and to keep intact their underground secret services. George Wang, a staff correspondent of the 'United Press of America,' reported on 31 August that the Japanese have taken the utmost advantage of the three-week period between the announcement of surrender and the actual Allied landings to indulge in a great deal of activity. Many heavy armaments have been buried in deep wells and caves. A large number of regular troops and reservists have been disbanded so as to let the Allies find but a small number of regulars on the home islands. Metals hitherto concentrated in Japanese arsenals have been distributed and hidden in the homes of common people, to avoid Allied confiscation. Many shore fortifications and hidden inland fortresses have been dismantled, but the secret underground organizations have been enlarged and improved to handle all emergency activities.

The *London Times* had already remarked on 27 August 1945:

'It will be strange indeed, if the Japanese General Staff does not endeavour to "go to ground" as the German General Staff did in 1918, and it will find in the numerous and powerful secret societies as well as in the machinery of the military police a ready-made cover for the continuation of its activities. The Allies can expect little aid from civil authorities in exposing this dangerous myth of an undefeated army.'

It is clear that the Japanese fascists and the so-called 'moderates' have the same objective which is to try to keep the seeds of Fascism for a revival, to oppress the people, to go underground and to preserve the anti-democratic forces.

There is a difference between the occupation in Japan and in Germany. In Germany, the Allied Control Council co-ordinates the decisions of the four Allied Commanders, each of whom is supreme within his own zone. In Japan, General MacArthur has been appointed Supreme Allied Commander and consequently carries greater responsibility and authority than any of the four Allied Commanders in Germany. Just before General MacArthur proceeded to Tokyo there was a three-day conference between him, his Chief of Staff, and the Japanese Foreign Minister, the one-legged Manoru Shigemitsu (his left leg was blown off by a bomb in Shanghai set by a Korean patriot in 1932). On 6 September 1945, at the end of this conference, Shigemitsu declared at a Press meeting:

"The Allies have fully understood and approved the policy of the Japanese Government.... There is absolutely no fear that the Allies will interfere with the personal rights of the Japanese. The national and economic life of Japan is well secured with the approval and co-operation of the Allies.... The Allies would not establish a military government in Japan, but would make requests to the Japanese government which would then be fully met."

No wonder then the *Mainichi Shimbun* (Tokyo) in its editorial of 7 September said:

'Japan is obviously no longer a strong power. It does not necessarily follow that she can no longer be a big power. Hitherto, there has been no big power which has not at some time been a strong power. But in the future, because of the invention of the atomic bomb, no country in the world can claim to be a strong power. In other words, a strong power and armaments hitherto conceived have come to have no meaning whatsoever.'

As Japan is still a big power there is no reason why Japan should comply with 'Allied demands based on brute force.' Yukio Ozaki, Japan's liberal leader and pacifist holds this view. The Japanese authorities are using it to tell the people that the Japanese Army has not been defeated in battle, the Japanese people have no genuine war guilt, and that a 'vindictive' peace would be a matter of which the Allies would subsequently be ashamed.

Darlan, Badoglio, and Doenitz, each was allowed, however transitorily, to have his say. Now we have Hirohito exhorting his subjects to 'make manifest their innate glory.' History shows that a defeated enemy under favourable conditions may rise again and resume his malicious ends. This is precisely how and why the Japanese fascists are making strong attempts to preserve their fascism and militarism, so as to rejuvenate themselves for a come-back to invade and enslave the neighbouring nations. It is time that the peoples of the Allied Nations should wake up to this fact. Let us insist that the military defeat of the Japanese aggressors must be accompanied by a complete moral and political defeat. This can be done by helping the Japanese to liberate

themselves from the dictatorship of plutocrats and their politicians and encouraging them to establish a real democratic government that truly represents their own interests.

<sup>1</sup> *Ta Kung Pao*, Chungking, 14 May, 1945.

<sup>2</sup> *New York Herald-Tribune*, 23 July, 1945.

<sup>3</sup> *Ta Kung Pao*, Chunking, 12 August, 1945.

# INDUSTRIALIZATION WITHOUT CAPITALISM, THE SOVIET EXPERIMENT AND ITS RESULTS

By S. V. KOGEKAR

## RUSSIA BEFORE THE PLAN

RUSSIAN society towards the end of the Czarist régime was divided within itself almost in every aspect of its organization. Property was most unequally distributed among the different sections of the population. Large agricultural estates were owned by the old nobility who were charging exorbitant rents to their tenants. A great mass of discontented peasants led an impoverished life on an insufficient allotment of land. Industry was backward, and such of it as existed was either controlled by foreign capital or enriched a few Russian manufacturers leaving over two million wage-earners to eke out a miserable existence on a pittance wage. All avenues of self-expression were barred to all but the privileged few. Illiteracy was everywhere. And though the Russian intelligentsia was in no way inferior to its counterpart in the Western countries either in the quality of its literary and artistic achievements or in the range of its interests, it constituted a microscopic minority of the vast population. The Russian police were experts in harassment and persecution and, with the aid of the army, succeeded in suppressing or driving underground all powerful movements of emancipation. No attempt at giving a popular basis to the government was made till it was too late to benefit by it; while the policy of discrimination against the non-Russian nationalities in the Empire affecting more than half the total population was driving these communities into opposition to the government.

The principal gain of the Revolution was the abolition of the feudal system of government and with it the old land system. The actual tillers of the soil established their right to the land by the spontaneous rising and proceedings of the peasants' soviets. The principle was extended to the field of industry when workers' committees were put in charge of the industrial establishments. But the most far-reaching gain of the Revolution was the leadership of a party which was fired by the ideal of establishing a socialist com-

munity in the interests of the workers and peasants. The idea of the ultimate emergence of the classless society in the sense of there being no classes with conflicting interests in society was attempted to be realized by doing away with all forms of human exploitation. And though neither the time nor the technique for finding an alternative method of organization was ripe, the Bolsheviks pushed ahead with their plans of nationalizing all industry, trade and finance. All opposition from those who were deprived of their privileged position in the old régime was ruthlessly put down. The war was brought to a speedy end in order to preserve the fruits of the Revolution and to start on constructive tasks.

However, all was not smooth sailing for the Revolution after the initial success. The vested interests from the previous régime aided by the Western Powers and Japan started a civil war and the Soviet organization was subjected to a severe test immediately it started on its career. A war of intervention was undertaken by the Western Powers and it was not till 1921 that the Soviet State could set about the work of reorganization. The people had suffered great hardship during the war and civil war period. The communist methods of organization of industry and trade introduced immediately after the capture of power did not prove a success. The internal economy was completely shattered. It was necessary to proceed with the reorganization on socialist lines on the basis of a well thought-out plan. The workers had yet to learn how to manage industry and the peasants were not prepared to collectivize agriculture. Hence a kind of toleration towards private enterprise was shown.

#### PLANNED ECONOMY

This temporary reversal was known as the New Economic Policy. It was directed towards restoration of the national economy from the ravages of war. Under it a large number of nationalized State factories were allowed to manage their affairs more or less independently of the government, running their business on commercial lines. But the government continued to operate the entire banking system. Foreign trade was a monopoly of the State. Communications and transport, heavy industries, mines, urban land and buildings, and electric power were all managed by the State. However, in the case of light industry a considerable degree of freedom was allowed to other than State agencies of management. But, the keynote of the New Economic Policy was to be found in the revival of the free market for the goods of the countryside. The peasants were allowed—in place of the compulsory deliveries of their products—to sell their produce to the State or the urban co-operatives or even to private traders, and to purchase industrial goods with the proceeds. The attempt to bring about such a compromise between socialist industry and peasant agriculture became successful and the peasantry was persuaded to co-operate in the task of restoration. The socialist organization of agriculture was not possible when the peasant was not prepared to accept its implications. Besides, the equipment required for the mechanization of agriculture, which was a pre-condition of its socialization, was not available at the outset. It was in the sphere of trade that the NEP made the

greatest allowance to private enterprise. A large number of small businesses of every kind were started and it appeared, much to the delight of capitalist countries of the West, as if the Soviet State was abandoning its ideal of socialism and returning to the beaten tracks of private self-interest. The extension of the free market was even considered to be an alarming situation by those who feared that the NEP would come to stay; Trotsky and his followers were of course the most vehement in this regard.

While the NEP was being pursued, a commission appointed by the government was considering the planning of the electrification of Russia. This was to be the beginning of a greater planning organization entrusted with the task of chalking out a comprehensive programme for the development of the productive resources of the community. As the work of the planning commission progressed, steps were taken, in accordance with the declared policy of the government, to tighten up its control over the private agencies of trade and industry. By 1928 Soviet economy had made considerable progress in production. The next stage in the advance towards a socialist economy was the planning of the entire field of production and distribution. The NEP with its compromise between public and private enterprise was, therefore, abandoned and the Soviet State launched an impressive programme of planned activity.

The most compelling circumstance which led the Soviet Union to undertake the over-all planning of its economy appears to be its political and economic isolation from the rest of the capitalist world. Backward as it was industrially, it could not yet attract foreign capital to itself—like other backward countries—owing to the distrust and opposition it had generated in the hearts of foreign capitalists. The only way in which it could pay for the initial equipment and technical assistance from foreign countries was by means of its exports of raw materials and foodstuffs. But to meet the demand for agricultural products on this account as well as on account of the prospective large numbers of industrial workers and for feeding the new industries within the countries was not possible with the low efficiency of agriculture under the system of peasant proprietorship. The improvement in the technique of agriculture was, therefore, the corner-stone of Russian industrialization, and therefore of the economic plans. Hence the abandonment of the NEP with the system of peasant farms and a free market for agricultural produce.

Another compelling circumstance is to be found in the defensive requirements of the Soviet Union. With a backward economy, the Union was in constant danger of being overrun by more advanced capitalist countries on its borders who made no secret of their hostility to the Union. Rapid industrialization was the only means to combat this menace. In addition, there was the enthusiasm roused in the hearts of the Soviet citizens to work for attaining a higher standard of life for all and for which the institutional framework of society was so favourable now for the first time in centuries.

The task of preparing an elaborate scheme for the organization of the entire resources of the community under a single direction was not simple.

An elaborate and continuously functioning planning authority had to be evolved. The centre of this organization was to be found in the State Planning Commission called Gosplan.

The first thing necessary in the making of any plan of economic development is the collection of data. The best allocation of resources between different lines of activity will not be possible unless the planning authority has exhaustive information at its command pertaining to the material basis of the plan. In the Soviet Union the Gosplan was busy collecting this information from numerous sources for nearly six years from 1921 onwards before the first Five Year Plan was launched. The Gosplan consisted mostly of experts and specialists, engineers and economists. The broad outline of the plan was determined during this period on the basis of annual and partial plans for particular groups of industries. The experience of the working of these partial plans was of great use in the drawing up of the first Five Year Plan.

It is necessary to understand that the Gosplan was never raised to the status of a Commissariat or an Executive Department of State. Its function was essentially advisory. It had to make proposals and tender advice to the government. But action on the proposals or advice was entirely in the hands of the government as the supreme organ of the community. Similarly in operating the plans, the planning sections of the different government departments—though subordinate to the Gosplan for purposes of technical direction—were controlled by the respective departmental heads. The idea behind the dissociation of the functions of planning and execution was to enable those responsible for carrying out the plan to suggest modifications in the assignments as well as the pace of advance under the plan made by experts. The government which had to lead the people was not to be a mere tool in the hands of specialists and technicians.

The opportunities for building up a socialist planned economy for the USSR were immense from the standpoint of Russian resources. An intensive survey of the vast land surface was continuously opening up rich deposits of minerals; scientific advances, under a great stimulus to research, were increasing the usefulness of the hitherto neglected regions. The USSR is not merely the largest country in the world but perhaps, next only to the USA., also the richest. Except rubber she possesses all the important raw material necessary for industrial development. Even the deficiency of rubber is likely to be removed by scientific advances now in their experimental stage. In the supplies of timber, fertilizers, iron ore, manganese, gold and oil, the USSR is better situated than any other country. Its coal reserves are second only to those of the USA. Nickel has been discovered in the Tundra. Copper, tin, lead, zinc, bauxite and chrome are also plentiful. In water power the reservoirs of Russia are bigger than those of any other country. It contains some of the most fertile tracts of land in the Ukraine and beyond the Urals, and its different regions can grow a great variety of crops from sub-tropical cotton and tobacco to mediterranean fruits. Its pastures are almost limitless.

The reason why a country so richly endowed with natural resources was

industrially backward is to be found in the unimaginative and unprogressive policy of the Russian rulers in the past. The resources remained not only unexploited but even undiscovered for a long time under the successive Czars. And such industry as had developed was concentrated in the Western parts. No attempt was made to locate industries in the regions where economic conditions were most favourable to their operation.

As with the natural resources, so with the human resources. Russia for the most part remained a land of backward people living on an inefficient system of agriculture with a very low standard of living. Yet it counted on the eve of the Revolution, a population of nearly 170 millions. The Gosplan had to take into account the low industrial efficiency of the workers. In the initial stages of the plan, therefore, Russia imported not only foreign manufactured machines but foreign technicians, while an intensive movement of polytechnicization of education was started to create a vast technically trained personnel for the newly started industries.

In determining the objectives of the First Five Year Plan, the planning commission as well as the Soviet government had to take into account this industrial backwardness of the country. Their anxiety was to increase in a short period the industrial capacity of the country by starting heavy industries and large-scale agriculture. At the same time the besetting evils of a backward economy such as illiteracy, lack of schools, public buildings and private dwellings, inadequacy of transport facilities and medical and sanitary arrangements, not to speak of the cultural amenities like the cinema and the theatre, had to be eradicated. Provision for this was also an objective of the Plan. However, the task of building up the national economy on such a comprehensive basis was not possible without hardship arising out of the deliberate postponement of the production of goods for current consumption. The workers were, therefore, asked to forgo a higher standard of living by having less of such articles as clothes, shoes, utensils, in order to be able to have plenty of these things in future after the industrial equipment had been built. It was necessary to introduce rationing of bread for a few years and the shortage of other articles was keenly felt.

Once the objectives were fixed, Gosplan set itself to the task of making detailed proposals for the various aspects of national economy and of co-ordinating the different branches of activity. This was an enormous task, and literally thousands of persons were employed to formulate these proposals reliably. The proposals took the form of fixing the allotments of work to be done by different industries and by the firms in each industry. The technical efficiency of each concern was separately assessed and a certain limit was placed up to which it was reasonable to expect the concern to contribute to the total volume of production. As all concerns formed part of an interdependent system the utmost care had to be taken in fixing these assignments lest there should be wasteful delays in the working out of the plan as a whole. Properly co-ordinated the whole plan would be presented to the government and through it to all the various establishments concerned.

The next stage was the scrutiny, criticism and revision of the plan. This

was by far the most important stage from the point of view of the execution of the plan and as a means of making the workers conscious of the enormous task which they were to undertake. Every factory, farm and school—every concern however humble its place in the national economy—was called upon to scrutinize the assignments fixed for them separately and for all of them together, with a view to suggest modifications. Proposals and counterproposals flowed into the government departments and the Gosplan by the thousand. Every institution of any kind could participate in the work of planning by pointing out deficiencies or asking for a change in the assignment allotted to it or in any other relevant way. The counter plans of the respective enterprises were supplemented by the whole corporations, districts and republics. The process went down to every village and every group where meetings of the workers were held to discuss the draft proposals of the plan and to communicate their findings to the government. In no country in the world is such organized conscious examination on the part of the working class and other producers to be found on such a wide scale for determining the business activity of the whole nation. In fact this aspect of soviet planning gave it a really democratic character in contrast to the attempts at national planning elsewhere imposed from above on the producing masses by a handful of State experts and capitalists.

After this elaborate scrutiny by the whole body of citizens in their different capacities, the Gosplan effected a new synthesis in the light of suggestions received, and submitted it to the government for adoption. The plan as adopted by the government then became the basis of the work of every individual, factory and farm.

The results of the first Five Year Plan which covered the period from 1928 to 1932 were surprising in their rapidity as well as the magnitude of their achievement. The development of large-scale industry which was aimed at was a remarkable success inasmuch as during the period of less than five years there was an increase of 118 per cent in this field. However, this fell short of the planned increase of 133%. In some individual industries like the metal industry, the oil and food industries, the output exceeded the planned figure; while in some others like coal, iron and steel the actual output was below the planned increase. The reasons for this shortage were to be found in the difficulties experienced by the USSR in securing its supplies from abroad and also in the lack of experience on the part of the management. But on the whole, a great stride was taken in the direction of industrialization within a comparatively short period of time.

The second object of the First Plan was to mechanize agriculture. In 1928, there were something like 25 million peasant holdings which were small and scattered in narrow strips. Though legally the property of the State, they were virtually owned by the peasant families and cultivated on primitive lines. It was necessary to import a more advanced technique into the cultivation of the land, which necessitated a larger scale of operations than the individual peasant farm could supply. A policy of collectivization was therefore pursued on the organization of co-operative farming. The peasants were to pool

their lands, livestock and implements together and work the joint farm through an elected committee of management. The government was to supply the mechanical equipment like the tractors and also extend credits for the erection of farm buildings, etc. The farmers would pay out of the produce for the hire of the machines, tractors, etc. and also a tax to the government. The remaining produce would be shared by the farmers according to the number of labour days worked and the nature of the work done. The collective farm could undertake the provision of certain amenities jointly such as the building of a club or canteen. In addition to the share secured by the peasant from his participation in the collective farm, he would get a small plot of land as an individual allotment where he would grow vegetables and other market produce and also keep cows, pigs, chickens and bees. The produce of this garden plot was to go entirely to the peasant.

There was a considerable opposition to the programme of collectivization from those who had large holdings and were better off than the large body of smaller peasants. The Kulaks, as these larger peasants were called, decided to sabotage the plan by neglecting work on the collectives which they were compelled to join—by killing livestock and by refusing to collect the harvest when it was ripe. Conditions approaching a famine arose as a result of this resistance. However, the government pushed on with the plan. Some of the over-enthusiastic agents of the government in the rural areas caused a good deal of suffering when the recalcitrant among the peasants were made to leave their farmsteads on the basis of decisions taken in the local soviets and were packed off to far-off places. However, the resistance movement for which the sabotaging Kulaks were largely responsible soon broke down, particularly as the new collective farms were showing excellent results in their output, and by 1932, the percentage of holdings in the collective farms increased to 61.5 per cent cultivating an area of 75.6 per cent of the total, and supplying 77 per cent of the total marketable grain. In addition, there were in 1932, large State farms accounting for nearly 10 per cent of the total cultivable area where the peasants worked on the basis of a fixed wage. Thus during the course of five years, large-scale farming became the prevailing and dominant form of agriculture. During the same period the number of tractors available for agriculture reached the figure of nearly 150,000 capable of ploughing one third of the arable area.

While such revolutionary steps were being taken in the organization of Russian industry and agriculture, the problem of distribution of supplies required for consumers was tackled through a hierarchy of co-operative societies. The number of these societies in the cities rose from 1,403 in 1929 to 3,782 in 1933, and in the villages from 25,757 in 1929 to 40,920 in 1933. In addition there were co-operative societies exclusively for workers in a particular factory, trade or profession. These primary societies were organized into a pyramidal structure for the urban and the rural areas, culminating into provincial unions. From the councils of the provincial unions were elected the central Board of the Central Union of the USSR (Centrosoyus). The abandonment of the NEP and the abolition of the private trader had necessitated

the creation of an alternative machinery to undertake the huge work of distribution. At first the co-operative societies were manned by many disgruntled persons who were not in sympathy with the new administration and the general level of efficiency of the co-operatives was very low. A number of rival retailing agencies were deliberately started under the direct management of the government departments to spur the co-operatives to greater efficiency. The co-operative society in addition to tackling the complicated task of distributing goods to a large population also made considerable progress in the organization of subsidiary enterprises. In 1932, for instance, the total production of vegetables undertaken by the co-operatives was 2,530,000 tons, while 88 per cent of the urban population was served by mechanized bread-baking. Besides, a number of public catering establishments were started by the co-operative and the State departments. With the socialization of agriculture it was also found possible to develop a new department of trade without a middleman between the collective farmers and the producers in the cities.

The fulfilment of the First Five Year Plan, a little ahead of its schedule, marked the end of one epoch and the beginning of another. It showed that the fears of the critics who prophesied an early break-down of the planned economy were unfounded. It gave a new confidence to the Soviet citizens in their own capacity to undertake and successfully carry out such plans of collective and co-operative enterprise. Under it the number of workers in large-scale industry doubled and their average annual wages were increased by 85 per cent as compared to the 1928 level. Besides, the intensive campaign of education had brought into existence a large number of institutions right from the primary school to the university and technical colleges for imparting instruction in the technique of social and economic organization. There was a great achievement to the credit of the people, but the promise of a greater work still in successive plans of development.

The second Five Year Plan (1932-37) was intended to complete the work of technical reconstruction begun by the first. But now that heavy industry had been established, there was a slight shift in the emphasis of new construction in favour of the consumers' goods. The plan provided for a doubling of the gross output of industry and for an increase of mechanization of agriculture between 60 and 80 per cent, an increase in the grain harvest by 50 per cent and for doubling the output of industrial crops and of live-stock products. The plan was found to have been outdone by actual results. Among the most significant features of the results of this plan was the increase in electrical energy from 2100 to 4370 K.W. Hrs. per worker in industry. Many laborious industrial processes were mechanized and agriculture was supplied with a very large number of tractors and other machines. Concurrently with the rise in industrial and agricultural production, the material and cultural level of the people was also raised. Rationing of bread was abandoned and real wages of the workers were doubled. Universal compulsory elementary education was introduced and secondary education was substantially developed. The number of school pupils increased from 23 million to 40 million, with more than half a million in the universities. The number of libraries, clubs, newspapers,

theatres, and cinemas also showed a remarkable increase. Health services and hospitals were modernized and multiplied. During the course of the second plan, the European situation was becoming more and more precarious and the defence services had to be strengthened at the cost of consumers' goods industries.

The third plan launched in 1937 and aimed at completion in 1942 was to have brought the production of pig iron, steel, fuel, electricity, machinery and other means of production per head of the population in line with the most developed countries of Europe and the USA. It was planned to bring about a considerable advance in the consumption and in the cultural level of the people. But the gathering of war clouds in Europe upset the plan owing to the necessity of war production and the great increase in defence services. In 1940 alone, two thirds of the total capital investment was accounted for by defence expenditure.

A remarkable feature of Russian economy during the Five Year Plans was the very serious attention given to the question of the location of industry. The danger and waste of the concentration of industry in Western Russia was fully recognized and a conscious attempt was made to take industry to the safer East and nearer the places of raw materials. The importance of dispersing industry over the hitherto backward areas and thus raising the standard of intelligence and efficiency of the backward communities was also realized. Thus at the close of the three periods of planned production we have the spectacle of large industrial towns in the regions of the Ural mountains, in the Caucasus, in Central Asia and Siberia. How well the Russian planners had thought over the strategic importance of this move is only too apparent today.

The question is often raised about the efficacy of socialist planning which cannot offer the incentive of private profit for men to exert themselves to the full in different branches of business. The Russian developments have supplied an answer to that question. Apart from the general incentive which a socialistically planned economy offers by way of enabling the workers to enjoy a higher standard of living directly as they increase total production, the Russians have developed a system of voluntary effort on the part of the worker to increase the total volume of activity. Here are a few instances of the socialist incentives to work. There is in the first place, what is known as 'socialist competition' by which different concerns give and take up challenges regarding the reaching of a certain level of output by a certain time. Under the supervision of the trade union and the factory committees or the committees of the collective farms, all the workers co-operate in jointly pulling up the output to the required level. In the course of this effort better methods of organization are discovered and adopted. The more efficient factories or farms then help the other concerns in the field in adopting their methods of organization. Since it is to the interest of everybody that every one should increase his efficiency, there is no incentive for making a secret of technical or organizational advances and confining them to particular farms. Another method is what is known as 'patronage' by which particular concerns enter into an agreement with other supplementary concerns for the

delivery of a certain quantity of material before a certain period of time. Thus workers concerned with the repairs of buildings enter into a patronage agreement with the elementary schools and strive hard to complete their engagement before the opening of the schools. The third significant incentive is the Stakhanov movement which, taking its origin in a Donbas coal-field, spread to all parts of the USSR as a means of effecting rationalization in industry from within. Stakhanov was a coal miner who astounded the world by hewing 102 tons of coal within a six-hour shift by incorporating a number of practical ideas in his work. His methods were copied by his miner colleagues with equal and sometimes better results. In every branch of soviet activity now there are Stakhanovites who have rationalized their particular branches of work. The degree of encouragement given to workers, as distinct from managers and technicians, in effecting improvements in the factory organization is greater in Russia than in any other country in the world.

Mention must also be made of the 'shock brigades' which are *ad hoc* organizations of workers undertaking to do a piece of work in their spare time, and thus achieving quite a remarkable result on a purely voluntary basis. From such tasks as clearing piles of debris near inhabited localities to sifting files of statistical reports in a government office, every kind of work falls within the purview of these shock brigades. The consciousness that they are working for their own government or for their own factory or city has a tremendous force impelling the workers to ever greater activity. Not that there are no stragglers or shirkers. And negative incentives like public dis-honour or satirical cartoons on the wall newspapers in the factory are provided and operated by the workers themselves to whip them into greater efficiency.

#### DIRECTION AND CONTROL

The organization of direction and control of the socialist society can be briefly studied under three main heads, though it must be understood that these three do not constitute exclusive sets of institutions with separate spheres of action. The Soviet system from which the State has derived its name forms the first set of controlling organs. By Soviet is meant a council. But historically 'Soviet' was the name given to the spontaneously elected council of representatives of the workers in the abortive Revolution of 1905. To Russians, therefore, it signifies a revolutionary idea. At the time of the Revolution of 1917 also it was the Soviets of workers and soldiers, and later of peasants as well, who wrested power from the erstwhile rulers. Having grown from within and thus being organically connected with the life of the workers and peasants, the Bolsheviks decided to frame their constitution on the basis of the soviet. Each village or town or ward of a city elects its own council or soviet and for the respective regions each constitutes the government. The powers of these bodies are as wide as they can exercise subject to the veto of a superior organ. While each of these bodies is in charge of all governmental subjects within its area, it is also encouraged to discuss matters within

the purview of the district, provincial, republican, or all-union soviet and communicate its views to the appropriate bodies. From the village or town soviet there is built up an ascending pyramid of soviets for larger areas, culminating in the Supreme Soviet of the USSR. Formerly election to these bodies used to be by open voting, usually by show of hands, and but for the primary soviets it was indirect. Since 1937 elections have been direct and by secret ballot. But before the final ballot takes place there is a thorough discussion in the open meetings of the various soviets, which may go on over a number of sittings, about the merits of the proposed candidates. By a process of elimination the final lists of candidates are made. The delegates in every elected body are given detailed instructions by their constituents and they are required to make a report to the constituents on their work. The constituents have the power to recall a delegate should he prove inefficient in carrying out their instructions.

In all matters affecting the interests of citizens—and there are few which do not fall in this category—the soviets take an active part by way of discussion and formulation of proposals for action. That makes the soviet an all-inclusive body of peoples' representatives. The executive organ of a soviet is either the whole group of members as in small villages or smaller committees elected by them with a chairman at the head. But as in every other branch of administration, it will be difficult to find a separate class of civil servants looking after the administration, and even where the soviets employ full-time administrators they can be hardly distinguished from the other workers in the community. The truth is that every worker is a civil servant and every civil servant a worker. In a workers' State one can hardly expect to have class differences of the type we find in capitalist countries and their colonies. The interests of all members of the soviets are also fundamentally identical. That is why one does not find rival party organizations each with its own programme and plan of propaganda. The decisions of the soviets represent the consensus of opinion arrived at after a consideration of all points of view. The press and the platform, the club and the co-operative, the trade union and the collective farm are all busy actively formulating, in the course of their normal routine, opinions on various issues. Side by side with these associations of citizens, there are associations of producers and consumers.

Among these Trade Unions are important. The membership of these bodies is voluntary, but practically every worker joins. The trade unions in the USSR have a dual function. They are, like trade unions in other countries, interested in improving the working conditions and raising the wages of the employees. But unlike those in other countries, they are also interested in developing a sense of responsibility towards their work and the factory among the workers. They are constantly engaged, in consultation with the factory manager, in finding out ways of increasing the output of the factory. The trade union members in each factory elect a factory committee which looks after the workers' interests in and outside of the factory and also helps in promoting the general discipline necessary in production. Since 1933 the trade unions have been substantially strengthened by the transfer to them of the whole depart-

ment of social insurance administration from the government. They are responsible for making payments out of the insurance funds for the various disabilities as also of pensions to workers over 60. The trade unions also run rest houses and sanatoria for their members. Thus the distinguishing feature of the Russian trade union movement is that it is an organ which represents both the employers and the employees. There is, however, no contradiction in this combination in view of the interests of both the employers and the employees being identical. Instead of being, as in capitalist countries and their colonies, a militant organization defending the workers' interests against exploitation by their employers, the Russian trade union has become an important organ of administration. Other associations include the committees of management of the collective farms and the consumers' co-operatives, associations of professional men and research workers, and of owner-producers. These last relate to the small sector of Russian industry where, as in the case of agriculture on the basis of collective farms, workers in a particular trade can combine and set up a workshop or business which they themselves manage entering into agreement with other associations of producers for an exchange of products. But naturally, such enterprises are confined to light industries and to artistic and intellectual producers. All these bodies together constitute the principal directing and controlling agencies in economic life under the general supervision of the soviets and the central authority in Russian economy.

Lastly, there is the Communist Party which unifies and co-ordinates the activities of all other bodies. The position and organization of the communist party are different from those of any other political party in the world. So much so that it is misleading to call it a 'party' in view of the commonly accepted associations of that word. It is a body of idealists jealously guarding itself against a deterioration of its discipline as the vanguard of the Peoples' Revolution. Its aim is to bring about a transformation of society on the basis of a full-fledged socialist order. Its activity mainly consists in giving a lead in every branch of social life and creating among the people the necessary mentality for the establishment of a communist, classless society, by example and by persuasion. Its internal organization is democratic, similar to that of the professional bodies of lawyers, doctors or engineers in other countries. Admission to the party is made after testing the candidates as to their ability and aptitude for the kind of work they are called upon to do. But the test is of an all-inclusive character without distinction between the personal and professional aspects of conduct. Slackness in work or disloyalty to the party is dealt with by expulsion from the ranks. The Webbs have rightly compared the communist party to a religious order, like that of the Jesuits, but working for an entirely secular purpose. Its membership consists of twentyfive lakhs of persons half of whom are manual workers. The activity of the members of the party in their respective employments is three-fold: (1) to do their assigned jobs with distinction and efficiency with a view to setting an example to fellow-workers; (2) to maintain unity between theory and practice by adhering to the party line once a decision has been taken, and (3) to provide an intellectual background to the work being done by the

members of the community. There is an implied responsibility to lead a frugal life and to maintain a high standard of personal behaviour. There is a constant stress on initiative in all matters by members. The party puts up its candidates for election to the soviets and other organs of government and gets a large number of seats on them, though it does not everywhere have a majority of seats. Through their high standard of personal conduct, the efficiency of their work and the sense of responsibility which they manifest, the members of the party have acquired an enormous prestige in the Russian community. It is one of the ambitions of the Russian youth to secure entry into the party and take an active and responsible part in the building up of the socialist society. The integrity of the party is maintained by weeding out undesirable members from time to time. The usual process of what is known as 'cleansing' consists in subjecting a party member to a public examination by those in whose midst he works and lives. If through their criticisms the citizens show their lack of confidence in a member, the member is likely to be punished by suspension, transfer to another place or expulsion from the party. The party as such has no powers of government, and succeeds only in proportion to its ability to carry the people with it through argument, persuasion and example.

Alongside of these directing and controlling agencies there are in existence a large number of associations for co-operative activity for particular purposes, literary, artistic and cultural which lend a variety and richness to social life.

From a study of the organization and working of these different kinds of associations in Soviet Russia one cannot but be struck by the continuous and comprehensive manner in which the soviet citizen is enabled to participate in and plan the affairs of his community. No other country can claim to possess such an active and vigilant citizenship.

#### SOME SOCIOLOGICAL PROBLEMS

A matter of intense interest to the student of social relations is the way in which the socialist experiment has reacted on the different aspects of Russian social life. Needless to say, the upheaval in the economy of the country has had a profound effect on its social institutions and relationships. It is not certain that the last word has been said in respect of the changes taking place in Russian society and yet it is not difficult to discern certain broad trends.

In the history of human society, no single institution has given rise to such powerful elements of stress and strain as that of property. Through its unequal distribution, through its extensive accumulation, through the influence it has exerted over the institution of the State, through its changing forms—property has been productive of a series of conflicts among the different classes in society and between different societies. The latest form of the conflict is that between the propertyless workers and peasants and the employers whose property consists in the means of production. Civilized societies have been torn into conflicting classes of the haves and the have-nots. A precarious balance is held between these conflicting interests through State machinery

which generally follows a policy of appeasement of the working class to the extent to which the self-interest of the property-owners permits. By the abolition of private property in the means of production, Russia has got over the conflict in a remarkable way. Not that there is no private property in Russia. People are even allowed to save and invest in State Bonds on which interest at the rate of 7% is paid. But the total amount of this private investment is a negligible proportion of the entire capital of the community. And even that is not concentrated in a few hands. Property, thus, is not such as will breed conflict. It is confined to a small field and that too without conferring the power to employ others for the profit of the owner. Such property as exists is for personal use and consumption. The result is that the eternal conflict between the idle owner and the sweated labourer has been resolved. No person can afford to remain idle if he wants to enjoy a decent standard of living. With the disappearance of property in this way a whole set of social problems have been removed from Soviet life. And the stage is well set for the co-operation of all people who have essentially the same relationship to the apparatus of production.

Nationality is another source of conflict in human society. Pride and prejudice coupled with unequal economic advantages and opportunities of self-expression have made the question of the rival claims of nationality a thorny one. The policy of the Czarist government was openly to discriminate against the non-Russian nationalities of the Empire. In every empire that has been the relation between the rulers and the ruled, not excluding the Roman empire which thrived on the produce of its colonies. Under the soviet régime, however, a deliberate attempt was made to recognize the independence and foster the national cultures and economic life of the diverse peoples who constituted so many different nationalities, within its borders. The conflict between the western and eastern parts was removed since both equally participated in the task of production and shared in the output. Raising the cultural level of the backward communities was an essential aim in socialist planning for that reason. The work which the Soviet Union has achieved in this respect is unprecedented in the annals of human history. Even the worst critic of the Soviet Union has to admit the permanent and unique contribution which that country has made to the advancement of the culture of backward communities. The literatures of the non-Russian nationalities were unearthed and made available to their members; education in the mother tongue was made universal; where a language was so undeveloped as not to possess a written script, new scripts were invented and full scope was given to the local genius to develop. In the political sphere, in addition to the great federating republics of the Ukrainians, the Uzbeks and the Tadzhikis, autonomous republics were created for such nationalities as the Tartar and the Kazak, the Yakut and the Kirghis. Smaller areas with distinct nationalities within a republic were made into autonomous regions; national minorities even within districts where the majority was of a different nationality were given autonomy in respect of their culture. In the Soviet of Nationalities which is one of the two Houses of the Federal legislature of the USSR, representation out of all proportion to their population strength

was given to the numerous national groups. Economically, a calculated policy of taking industry to the East resulted in preventing any region from remaining solely agricultural and, therefore, backward. While protection was thus extended on equal terms to the national cultures of the various peoples of the USSR, nationality was to be no bar to the exercise of the rights of citizenship in any part of the USSR. It is the only country in the world where all people who work, belonging to whatever race, colour or nationality they may, are given the rights of citizenship. The conflict of nationalities and that between unequally advanced communities has thus been resolved by conscious planning.

Last but not the least, there is the question of social gradation. Property is not the only basis of social differentiation into classes with conflicting interests. A bureaucracy may just as well constitute itself into a privileged class as against those over whom it rules. Similarly, the members of the highly paid professions might secure a privileged position giving rise to a conflict of interest with the unskilled or less well-paid workers. And a good deal of criticism has been levelled against the USSR on the ground that it has been unable to prevent such a situation. It is contended that the skilled technicians have, on the basis of the power they wield over the system of planned economy, become a privileged class which in fact rules over the USSR for its own advantage. On a superficial view of the soviet system of organization such a development does not seem unlikely. But a little reflection will show how it is difficult for such a closed ring of rulers to be formed, and, if formed, to really exploit the working class.

In the first place, the incomes which divide the managers or technicians from the rest of the wage earners are not so inordinately high as to create a permanent social gulf between the two. On the contrary, foreign observers have often noted that there is nothing in the clothing or dwellings or recreations of the manager to distinguish him from the worker. Secondly, for the managers to constitute a separate class they must be able to maintain their isolation from the workers. This they cannot do under the present organization of the factories, with the trade unions being required to be consulted every now and then on all matters affecting not merely the interests of workers but also those affecting technical advances, production quotas and factory discipline. Thirdly, there is the system of public criticism and discussion of the conduct of the managers in factory meetings which is followed up by punitive action in proved cases of mismanagement or bullying. Fourthly, the managers are not drawn from an exclusive class with a hereditary tradition of superiority over the others. The educational system sees to it that there is nothing like a governing class confined to a few hundred or thousand families by throwing education open to all. Fifthly, as the standard of living of workers rises, as it is bound to do under the planned system, the differences in the social and cultural pursuits of the managers and the workers will diminish instead of increasing. So the managers will not be able to assume superior airs. Sixthly, the interests of the managers do not fundamentally conflict with the interests of the workers since both are equally concerned with the task of maintaining production at the pace required for rapidly developing the community's resources. And

finally, the workers, being conscious of their revolutionary past and having tasted of active participation in the various organs of the government and the community, will not readily allow themselves to be duped into submission to their managers. All this does not mean that there will not be any friction between individual managers and the workers. But there are no conditions to create social conflicts between the two such that the managers *as a class* can exploit by their combined efforts the workers *as a class* to their own advantage. The misgivings regarding the possible emergence of a privileged bureaucracy arise mainly from the fact of there being a large number of State officials working in various branches of the socialist economy. But the existence of a functional group of bureaucrats need not be confused with a privileged group in view of the active participation of the worker-citizens in the determination of decisions which the bureaucracy has to carry out. The lack of faith in the power of the common man to control things collectively is mainly responsible for such misgivings about the position and capacity of the managers.

#### LESSONS OF THE EXPERIMENT

The lessons of the experiment are embodied in the broad outline of its principal features given above. They can be summarized as follows:

(1) The Soviet Experiment has by its achievement demonstrated the high potentiality of conscious direction in social development. Things which would have taken more than a century to make have been achieved within less than twenty years under the system of planned economy. It has also been demonstrated that planning *for society* must be an essentially *social* endeavour, not one made by a handful of supermen, experts or capitalists. That implies the conception and execution of a plan based on the voluntary and conscious activity of *the whole people*. This distinguishes Soviet planning from such Capitalist planning for the preparation for war or the prosecution of war as we have witnessed in recent years.

(2) As arising out of conscious planning, the Soviet Experiment had emphasized the importance of harnessing science to human activity. It has also demonstrated the remarkable way in which science can enhance human achievement when freed from the restrictions imposed by a society based on human exploitation.

(3) The Russian Experiment has further shown the way to enrich human culture recognizing and fostering the development of nationalities. The existence of a variety of national groups is not a dividing but a uniting force under the right to cultural autonomy enjoyed by all people.

(4) The Experiment has, lastly, established the superiority of experiment over complacency in attaining a higher level of material and cultural progress. The bold Russian experiments in different departments of life were possible only in a community which was unburdened with private vested interests.

# ON THE PROBABLE CONSEQUENCES OF THE CESSATION OF HOSTILITIES ON INDIA'S ECONOMY

*By A. K. DAS GUPTA*

THE war has given us a boom. Investment (including foreign investment) has far outstripped 'voluntary savings'—resulting in high prices and high money wages. Will a reverse movement set in immediately with the end of hostilities, or will the transition from war economy to peace economy be marked by further upward movement? In making transition plans, are we to guard against a boom or against a depression?

## GENERAL ASSUMPTIONS

The post-war situation in India will be to a considerable extent influenced by how the rupee will behave in future. This is an affair of the Central Government and the Reserve Bank of India. The Provinces, not being independent and autonomous monetary areas, will have to take the consequences of the Reserve Bank's monetary policy and the Central Government's decision concerning the rupee sterling exchange. Further, very much will depend upon what will happen in other countries, particularly, England. The economies of different countries of the world are so closely inter-connected today that anything happening anywhere must have its repercussion upon every economic unit. It is of the essence of international economics that prices, wages and industrial activities move in the same direction in the various regions that have trade relations with one another.

For the purpose of our present analysis we shall assume, firstly, that a fairly stable state of things will prevail in the economies abroad. This assumption no doubt contradicts the experience of the years that followed the last Great War. In the case of the last war, the boom did not collapse immediately with the cessation of hostilities. Rather it became more serious during the immediate post-war years. The depression came much later. In fact, the character and strength of the post-war boom had much to do with the prolongation of the subsequent depression. However, a repetition of the happenings of the last twenties is unlikely. The world is more cycle-conscious today than it was then. And it has better knowledge now than it had then of the means by which booms and depressions might be checked. It is thus legitimate to expect that in the more advanced countries at any rate—countries that count—measures will be taken to secure a fairly even flow of economic activities. Indeed in most of these countries plans have already been prepared with that end in view. The British White Paper on Employment Policy is a case in point. To avoid a possible post-war inflation, it is proposed there that rationing and price control should be maintained, savings continued and

the uses of capital regulated with a view to directing expenditure to priority needs.

Secondly, we shall assume that the rupee-sterling exchange will remain unaltered and that the Reserve Bank's monetary policy will be regulated just with a view to the maintenance of the fixed parity of 1s-6d per rupee. This second assumption is significant in two respects. On the one hand, it is just the policy that is most likely to be pursued in our country; our experiences of the past surely warrant this surmise. On the other hand, an analysis of the economic consequences of 1s-6d should provide a clue to an understanding of the way the exchange policy might be regulated if the maintenance of equilibrium were our aim.

Our problem is essentially a problem of investment and consumption. Given a certain natural and technical environment, the movement of an economy e.g., prices, income, employment etc., depends upon the volume of investment and consumption. Whether, therefore, in the immediate post-war years India will experience a continuance of boom or will be landed into a depression will depend upon whether the fall in investment, public and private, resulting from the process of demobilization will be made up by investment in normal peace time trade and industry—and also upon how consumption will be affected in the event of a relaxation of control measures.

#### THE BACKGROUND

The outstanding feature of India's war economy is inflation. Since the war began, the note circulation has increased more than six times. The general price index has gone up to about 250. (This, however, is the official index; if black marketing is taken into account, a still higher figure would be registered.) The cost-of-living index has gone up almost to the same extent, and the money-wage rate, including dearness allowances, has had a corresponding rise.<sup>1</sup>

It is important not to lose sight of the discrepancy between the rate of increase in note circulation and the rise of prices as registered in the official index. For, as we shall see, this phenomenon has an important bearing on the problem of post-war economic re-adjustment. The discrepancy has to be explained in the following terms:

(i) There has been some increase in the volume of production. This, however, is not a very important factor, for the increase in the production of consumption goods has been very slight, and private investment in capital goods has suffered on account of investment control.

(ii) As we have already hinted, black-market prices are not accounted for in the official index. It is impossible to make any estimate of the weight of this evil practice, but that it is considerably in use is to be admitted on all hands.

(iii) The most important factor, however, is the increase in the reserve ratio of the commercial banks. Given the volume of traded goods, prices are a reflection of the quantity of money, the reserve ratio and velocity of circulation. While the quantity of money has increased more than six times,

the banks' reserve ratio has almost doubled and there has been also a considerable reduction in the velocity of circulation. The rise in the reserve ratio is itself a result, on the one hand, of price control and rationing, and, on the other hand, of investment control. Deposits have swelled in banks on account of price control and rationing, in so far as they have been effective. People have money in their pockets. If they were given free choice, competitive bidding would screw up prices still further. As, however, prices are controlled and consumption rationed, even those who have money cannot spend it. The result is compulsory saving, the extra money flowing into banks as deposits. Now, banks cannot lend out unless there is demand for loans; and, so long as investment is restricted, the deposits flowing into the banking system must necessarily remain blocked. This explains why most of our banks' investments have been in Government securities rather than in the securities of private companies. Investment control, in fact, has facilitated to a very great extent the loan policy of the Government, and, while it has hindered the industrial development of the country, it has also stopped the emergence of a speculative boom. The inflation such as has been described above has been mainly due to the export surplus that has been created during the war. We can call this export surplus our 'foreign investment' during the period. It is this so-called foreign investment that is reflected in the huge sterling reserve that has accumulated in the credit of the Reserve Bank of India.

It is difficult to say how domestic investment has behaved during the period. Hardly any estimate is possible of the disinvestment that has taken place in the form of depreciation of machinery, buildings, roads, railways etc. On the whole the suspicion is irresistible that there has been a considerable amount of net disinvestment, at any rate in the private sector.

As regards employment, some general idea of the effect of demobilization can be had from a recent statement made in the Indian Army Review concerning the increase in the volume of employment in war occupations. The total figure given, which includes the fighting forces, those doing auxiliary work and those employed in war industries and railways, is 16,500,000 (men and women).

One further point remains to be mentioned in this context, namely, the diversion of war wealth to the State in the form of excess profits levy. We have virtually a cent per cent excess profits levy. More than 80 per cent of excess profits is taken away in the form of excess profits tax proper, income-tax, surcharge on income-tax and corporation tax. The balance is a compulsory deposit liable to be refunded after the war. This raises two questions:

(i) The first is whether sufficient allowance has been made for depreciation in the calculation of excess profits. One can easily see how difficult it is to make allowance for this factor during a period of rising prices. It is just possible that excess profits taxes have in many cases eaten up a part of the replacement reserve.

(ii) The second point is to what extent our firms have controlled dividend rates in the boom period with a view to the accumulation of reserve for replacement purposes. In this it appears that many of our firms have failed to

take proper lessons from the experiences of the last war. High dividend has been a common feature in many industries during the present war boom, too. There are two effects of this high-dividend policy in times of boom. Firstly, as dividend earners are generally spending agents, a high rate of dividend stimulates consumption and adds to the intensity of the boom. Secondly, the frittering away of profits in the form of dividend weakens the reserve position of firms, thus leaving a smaller margin for future investment when the latter is called for.

#### POST-WAR PROSPECTS

In the light of the circumstances described above, we may now study how our economy is likely to behave in the immediate post-war years.

There has been a most serious maladjustment between the external and internal purchasing power of the rupee. As we have seen, the price index in India has gone up by about 150 per cent since 1939. If, on the other hand, the British price index registers, as it does, a rise of about 55 per cent, then it is easily seen that, with a constant rate of exchange, the British producers enjoy an export bounty of something like 60 per cent in the Indian market. In the circumstances, if the inevitable post-war export drive on the part of Britain is accompanied by a relaxation of foreign trade control, then obviously it will be impossible for us to maintain our export surplus. Rather the tendency will be the other way about. Signs in that direction are already visible. According to the Report of the Reserve Bank of India for 1944-45, the aggregate value of sea-borne trade of India for nine months ended March 1945 was Rs. 331.18 crores as against Rs. 252.07 crores in the previous corresponding period, 4/5ths of this improvement being accounted for by imports. In fact, the balance of trade in private merchandise fell from Rs. 66.09 crores to Rs. 17.92 crores. This process will no doubt be held in check for some time in view of the opening up of European markets. The rehabilitation of European countries will be a great problem in the immediate post-war years; and, if these countries are provided with adequate loans—as they are expected to be—our export trade may have an added stimulus. Yet it is impossible that this will be able to neutralize the import bounty that is inherent in the external over-valuation of the rupee. Indeed it may be safely predicted that in the immediate future there will be a serious falling off in our export surplus, or, in other words, in our foreign investment.

Will this be made up by an increase in domestic investment? Will a relaxation of investment control be accompanied by such an expansion of industries as will counteract the fall in foreign investment that we have envisaged? Or, will the State take it upon itself to launch a compensatory developmental programme before the forces making for depression are let loose?

Let us look at public investment first. It is obvious that the end of hostilities will at once render certain lines of Government expenditure unnecessary. Full demobilization may take time. Yet once shrinkage sets in somewhere it will gather momentum. Depression is inevitable, so far as this sector is concerned, unless steps are taken beforehand to fill in the gaps immediately they are created.

The magnitude of the task that lies ahead is clearly seen from the Army Review figure quoted above. In so far as the men and women that will be released from war occupations will fail to get absorbed in developmental activities of the State, there will be a net diminution of public investment. In this connexion, apart from the possibility of finding out suitable avenues, two rather important things need to be considered.

- (a) Will the Government choose to maintain its present tax and loan policy?
- (b) Even if the present tax rate is maintained and loan campaign pursued, will the total yield from these sources be kept up?

As regards (a) it is almost certain there will be some relaxation, once the war strain is over. (b) obviously would depend upon general industrial activities, or in other words, upon aggregate income which is the source of all taxes and loans.

We are thus led on to the possibilities of private investment. Apparently there is potentiality of considerable expansion in this sector. It is clear that expansion of industries has been greatly hindered during the war first on account of lack of machinery and other materials and secondly on account of control measures. Once these obstacles are removed, private investment, one may hope, would receive a fillip sufficient in itself to prevent a depression, if not to create a further boom. Amortization reserves—to the extent that they have been accumulated during the war—may now be disbursed for the replacement of worn-out machinery and buildings. The process may also be helped by rebates on the excess-profits-levy that will be available, now that the war is over. Further, with the relaxation of investment control, new companies may begin operation, and a process of currency dishoarding may manifest itself. Announcements to this effect have been forthcoming in large numbers since the inauguration of 'control of capital issues' scheme in the middle of 1943. Just within six months of the inauguration of the scheme nearly 500 applications for starting or expanding industries involving an aggregate capital of Rs. 15 crores were approved. 'This is an announcement, not a prospectus' has been since then a regular feature of the advertisement columns of our newspapers. Evidently all this is a symptom of a post-war investment push. The fact that the rise of prices has not been commensurate with the expansion of currency is relevant here. The phenomenon, as we have noted, is to be explained largely in terms of a rise in the reserve ratio of our banks. The reserve ratio has gone up, and our banks have surplus lending capacity. If this surplus money finds its way to investment our post-war economy may very well experience a boom rather than a depression. The germ of a further expansion indeed lies inherent in the situation.

Nevertheless the expansionist force can have its play only if external complications are controlled in its favour. Investment depends not merely upon the supply of loanable funds; money may remain idle in the vaults of banks without ever being able to invite entrepreneurs to utilize it, so long as other circumstances are not favourable. The condition that is essential for any investment push is a sense of security on the part of entrepreneurs about profit. The existence of surplus loanable funds may keep down the rate of interest,

but unless circumstances are favourable for the maintenance of adequate profit expectations, inducement to invest would be lacking. In fact, in this matter the rate of interest plays but a minor rôle. It is profit expectation which is the mainspring of investment in a capitalist economy.

It is well, then, to enquire how far entrepreneurial expectations of profit are likely to be sustained in our country in the post-war atmosphere, as we have been envisaging it.

The most fundamental matter relevant in this context is the consumption propensity of our income-earners. Over a certain range which need not be defined here, investment and consumption are complementary, not competitive. Production is done with a view to the saleability of goods. Entrepreneurs' judgment as to how much should be invested with a view to future output depends upon whether, when the output will be realized, it will have a market with buyers ready to take it off at a remunerative price. In this the most important limiting factor is the general propensity of the people to consume; inducement to invest is derived from the level of consumption of the community. It is expenditure on consumption that maintains the level of prices and entrepreneurial expectations are largely a function of how present prices are related to the past.

How will consumption in our country be affected in the event of a relaxation of controls? This raises several rather important questions.

(i) Expenditure that has been postponed during the war will make its appearance. Price control and rationing have not been fully effective in our country, and purchases through the backdoor have been rampant. Yet it is clear that over a large area there has been a considerable degree of forced restriction of consumption. This is indicated on the money side by the way demand liabilities have gone out of proportion with bank clearances. We have already referred to this phenomenon in terms of a fall in the velocity of circulation. The magnitude of this fall is a fair index of the possibility of expansion in consumption expenditure in the coming years.<sup>2</sup>

(ii) Soldiers coming back with demobilization bonuses and wishing to switch over to civilian life will have to spend a part of these bonuses on the purchase of goods that will be suited to their new way of life. This may not mean a net addition to spending; yet it will mean a shift in demand, for they will now be purchasing different varieties of goods. However, a mere shift in demand is often sufficient to provide at least a temporary stimulus to investment.

(iii) As against these apparently expansionist forces, however, a possible reduction of income-tax rates will tend to produce a deflationary effect. A reduction of income-tax rates, as it will affect more the higher income groups, will mean a transference of wealth from spenders to savers. Steeply progressive income-tax rates such as have been introduced during the war have rendered distribution of income less unequal than it would have been without this measure, so that any post-war relief, in so far as the beneficiaries would be largely the higher income groups, will involve greater inequality of incomes. Now, it is a commonplace that the total volume of income being given, expenditure on consumption depends upon its distribution; the greater the inequality

of distribution, the smaller relatively is the expenditure on consumption. This, therefore, is a force which will tend to counteract the other inflationary forces, although it is impossible that it should altogether neutralize them. On the whole it must be granted that when the potential demand will be allowed to assert itself, expenditure on consumption will tend to be substantially larger than what it is now.

(iv) But—and herein lies the crux of the whole matter—is there any reason why the increased expenditure should be devoted to indigenous goods? Industrial activities in the country will be stimulated only if the expansion of consumption expenditure benefits our own producers. If, on the other hand, expenditure is turned towards imported goods, the effect will be deflationary, and expansion of consumption will retard, instead of stimulating, investment.

Now, we have observed that the major expansionist force in respect of consumption that will operate in the coming years is the release of pent-up demand. A vast majority of our people have had to postpone consumption during war partly on account of restrictions and partly on account of scarcity of goods. Possessors of income, as they will get to have their own way, will start purchasing those goods whose consumption has been postponed. And these goods are mostly luxury goods, for it is luxury goods that bear the major brunt of a general abstinence campaign. Petrol, for example, was perhaps one of the first articles of consumption to have been rationed in our country. Difficulties of import also compelled many, in spite of themselves, to go without a gramophone, a radio set or a typewriter. It is to goods such as these that the major part of the increased expenditure will relate. But these are goods for which our consumers will turn to foreign countries. With an import bounty of about 40 per cent arising from the external over-valuation of the rupee, they will find U. K. and U. S. A. much cheaper markets to buy from. It is thus more than probable that the major part of our increased expenditure will go to liquidate our foreign investment rather than to promote domestic investment. The result will be deflation and its concomitant—capital consumption.

The deflationary tendency, once it starts working, will be further reinforced by the eventuality that with falling price and cost of living indices there will be downward adjustments in wages and dearness allowances. This eventuality cannot surely be dismissed in the context of a country where trade unions are still in their infancy and are not organized enough to offer any pressure on employers. Unless, indeed, our Government takes an active part in the matter and puts into effect a scheme of minimum wages, wage deflation is inevitable. Yet the plea for scaling down wages and dearness allowances in response to falling price and cost of living indices is apparently so plausible that it is unlikely that the Government will oppose it. Indications are rather that it will favour the introduction of a sliding scale of wages in relation to cost of living. Now, a sliding scale of wages will only accentuate the depression, and may even set up a cumulative movement downward. It is now perhaps a generally accepted doctrine of economic science that flexibility of wage rates, so far from being equilibrating, tends rather to intensify trade cycles. In so far as the

marginal consumption propensity of workers is greater than that of profit earners, a general wage cut will be an additional force bringing down consumption and prices. It is just possible that the race for one to catch up the other will continue till something (say, the appearance of a general sense of normality) intervenes to stop it. Wage stability indeed is one of the most important conditions of economic stability—for it at least sets limits to the movement of an economy, damping down prices in times of boom and keeping them up in times of depression.

We thus find that the objective factors that are likely to arise in the process of demobilization, taken together, point definitely to a depression. The general expectation of the public also seems to be in the same direction. Except for a few hectic months of 1943, our public seem to have behaved all throughout the war in a rather conservative way; they have somehow preserved some notion of normality. And now that the war is over, naturally they will be waiting for a return of the old order of things. If the objective facts, as they will emerge gradually, go to support these bearish expectations, then we may have a period of elastic expectations and may have to experience an acute phase of depression.

For an agricultural economy such as we have in India, the implications of what we are envisaging are particularly disquieting. For depression affects agricultural prices much more violently than other prices. Whereas industrial investment proceeds on expectations about a profit margin, agricultural operations are done with a view to gross income. In a period of falling prices the cultivators do not reduce output; rather they are urged on to produce more with a view to covering up income deficits. This explains why depression is attended in the industrial sector with unemployment and excess capacity, while in agriculture it raises problems of overproduction and indebtedness. If this view is correct, then the proposed scheme of land settlements for demobilized soldiers must be viewed with extreme dismay; the extra pressure on land that will be created in the process will only intensify agricultural depression.

The economic prognosis given above inevitably follows from the assumptions that we have made. If these assumptions hold good, then the transition from war economy to peace economy will inevitably be marked by depression. But, of course, they may not hold. Our conclusion is thus subject to reservations. For one thing, the external circumstances are uncertain and beyond our control. These may turn out to be different from what has been postulated here. To take only one instance,—if the present Anglo-American financial negotiations fail and the pressure on sterling drives England into devaluation, the situation will be modified substantially. So far as internal circumstances are concerned, however, there is large scope for control. In our analysis we have given the State rather a passive rôle and we have worked out the 'natural' reactions of our economy to the situation as it is most likely to take shape in the process of demobilization. All that our analysis implies is that whereas transition planning in England, for example, will have to be directed towards preventing a possible boom, here in India the problem

will be to prevent a depression setting in. Depression is inherent in the way our economy has been allowed to develop during the war. It is impossible for present prices to be maintained for any length of time unless steps are taken to alter the conditions under which the economy will be working. It is up to the Government to take these steps.

The idea of a possible way out is immanent in the analysis given above. Yet for the sake of completeness certain positive references may perhaps be made.

(a) The first and foremost among these measures is the devaluation of the rupee. The exact equilibrium rate is impossible to know; the purchasing power parity is at best a rough guide. Yet all things considered, a one-shilling rupee would be a fair solution. If it errs it will err on the side of conservatism.

(b) A system of import duties on luxury goods should be introduced with a view to providing protection not only to existing industries, but also to those that are proposed to be set up. The period of protection should not be less than that which will be necessary for the sterling assets to be liquidated.

(c) The sterling assets should be earmarked for capital goods.

(d) The present income-tax rates should be maintained and the revenue diverted to developmental activities. If relief is to be given, that should be in the form of reduction of commodity taxes.

(e) There should be considerable relaxation of investment control. Such control as there may be is just to prevent the emergence of a speculative boom.

(f) The present price-control staff should be utilized to enforce the regulation of minimum prices. Prices must not be allowed to fall below existing control rates.

(g) Price control should be supplemented by minimum-wage regulation. The present wage-level should be maintained, and dearness allowances should be merged into the basic wage rate.

(h) The demobilized soldiers must be prevented from going back to land. The energy and discipline that they have acquired during the period of military service must be utilized in the factory instead of in the field. Agricultural policy should be directed towards permanent improvements; it must not concentrate, as it seems it does at present, merely on the principle of self-sufficiency in respect of food.

These are expansionist measures. And it is the release of an expansionist force that we need now, so that the economy may emerge from the transition strong enough to bear the strain of long-term development planning.

<sup>1</sup> The rise in the money wage rate is one of the most conspicuous features in our war economy. In fact it is this that provides the most reliable index of inflation in the country. In the process of post-war re-adjustment, too, a possible variation in wage rates will introduce a most serious complication. See below.

<sup>2</sup>In terms of the well-known Cambridge Quantity Equation,  $n = p(k + rk')$ , the way the velocity of circulation has fallen over the period 1939-1943 is illustrated below:

	Reserve ratio	Price level	Note circulation (in crores of rupees)	Bank deposits (in crores of rupees)
1939-40	10%	100	178.8	246
Dec. 1943	17.5%	240	828.5	654.8
<b>Whence,</b>				
1939-40	$n = 178.8$	$p=1$	$k=154.2$	$k'=246$
Dec. 1943	$n = 828.5$	$p=2.4$	$k=326$	$k'=272$

The fall in the velocity of circulation is indicated by the increase in  $k$  and  $k'$ . The volumes of  $k$  and  $k'$ , as shown here, are obviously a little exaggerated; for, as we have noted, the actual price index should be higher than the official index in view of the existence of black markets.

<sup>3</sup>If a shift to direct taxes is an index of progression, the progressive character of war-time taxes in India is indicated by the following figures:

	Direct tax (in crores of rupees)	p.c. of the total	Indirect tax (in crores of rupees)	p.c. of the total
1938-39	16	21.6	58	78.4
1942-43	67	54.9	55	45.1
1943-44	90	57.1	66	42.3

## INDIANS OVERSEAS

### POST-WAR INDIAN EMIGRATION

By P. KODANDA RAO

DURING the last century and over, Indian emigration was largely confined to labourers. This was defended sometimes on the general ground that immigrant labour was necessary for the industrial development of certain areas.

The assumption that immigrant labour was necessary for the economic development of certain countries in the past may be questioned. It is true that Indian immigrant labour was used in several countries, particularly British colonies, in the past, but it was not primarily for the industrial development of the countries but to rescue the British planters who had built up their prosperity on Negro slave labour and whose prosperity was threatened when slavery was abolished, and the ex-slaves refused to serve for them as free labour. Indian labour emigration started soon after the abolition of slavery in the British Empire, and most of it went to British colonies, like Natal, Jamaica, Trinidad, and British Guiana and Mauritius. There are countries in the world today as, for instance, Australia, the development of which can be accelerated by immigrant labour, say from India. But they would rather slow up development than admit Asiatic immigrant labour. Economic development was limited by racial and imperial considerations, more particularly the vested interests of British capitalists. The current demand for Indian labour in Ceylon and Malaya is made by British planters therein and not by the indigenous Ceylonese or Malayans for the development of their areas. There is no prospect of any radical change in this policy in the post-war era. In any event, the economic development of other countries need not be the governing factor

*determining Indian labour emigration policy.* There is so much to do in India itself for industrial development.

The primary consideration of emigration is, and should be, the welfare and betterment of the emigrants themselves. All else must be subordinated to it. From this point of view, Indian emigration in the past has, on the whole, been justified notwithstanding some deplorable drawbacks and evils. Compared with their compatriots in India, the emigrants have done better, though it is equally true that compared with their compatriots in the land of their migration, they are not on a level. The number of Indian emigrants and their descendants who would permanently return to India is small and negligible. Those who returned to India asked to go back again to their lands of exile. But it must be noted that hitherto the improvement of the conditions of Indian emigrants was merely incidental; it was not the primary consideration. Hereafter, it should be the primary one.

Indian labour may be permitted to emigrate not only if it will be better off but also be on a level with the corresponding classes in the land of migration and be subject to no discriminations. As long ago as 1895 Lord Salisbury enunciated the terms in connexion with Natal which are of universal application then and now. He gave the solemn promise that Indian emigrant labourers would be 'in all respects free members with privileges no whit inferior to those of any other class of Her Majesty's subjects resident in the colonies.' Introducing the Indian Emigration Bill in the Council of State in 1922, the Hon. Sir B. N. Sarma, on behalf of the Government of India, said: 'The Government of India have been acting on the principle that ordinarily no emigration shall be permitted to countries where the Indian community is not given the same rights and privileges and status as His Majesty's British subjects.' More recently Pandit Jawaharlal Nehru said: 'In our present stage of development we are sensitive about the honour of our people, especially outside the shores of India. I do not want Indians to go where they were not wanted, but wherever they go they should have the goodwill of the country to which they go and suffer no ill-treatment.' It is difficult to improve on these principles. They postulate not only economic betterment but also equality and self-respect.

What is the position today? There is hardly a country in the world in which Indian emigrant labour is treated with equality and self-respect. The British Dominions would have none of it. South Africa would even repatriate all Indians, if possible. Even the Colonies which but yesterday pleaded for Indian labour are today erecting bars against Indian immigrants. A wall is growing all round India and Indians of every class are 'not wanted' everywhere. It is galling to the self-respect of India. Indians claimed free entry everywhere, at any rate in the British Empire as British citizens. But that was denied. Reluctantly they acquiesced in the exclusion and took solace in that they were not excluded by name in a statute, but only indirectly. Even in South Africa Indians are not excluded by name in the Immigration Act; they are deemed undesirable by administrative order of the Minister under the law which is of general application. India is hoping that the bar against

Indian emigration to the United States would be removed even as in the case of the Chinese. Though the number of Indians who could be admitted will not be more than a handful every year, India's self-respect would be satisfied.

While on the one hand India is seeking the right of free entry into all countries to preserve her self-respect, she is, for the same reason, prohibiting Indian labour emigration even to those countries which still ask for it. Before the war the only countries which wanted Indian labour were Ceylon, Malaya and Burma. But India prohibited emigration of Indian labour to Ceylon in 1939 and to Malaya in 1938. Ceylon asked that the ban be lifted particularly in view of the war needs. But the Government of India declined the request. The refugee Government of Burma is also asking for Indian labour to reconstruct Burma in the wake of reconquest.

Why has the Government of India refused the request of Ceylon? It is because they received no satisfaction regarding the status of Indian immigrants in Ceylon. Indian immigrants were not to be given equality and self-respect; they are wanted only as hewers of wood and drawers of water.

The history of Indians in Natal, South Africa, has a tragic lesson which may not be ignored. India has not been in a position to ensure the equality which Natal promised but subsequently refused to implement. India was assured by Natal that, once the Indian immigrants completed their term of indenture of five years, they would be welcomed as permanent settlers and given every facility to develop as free citizens, with political and economic rights on a par with the local white population, and that they would not be discriminated against because of their race or colour. But in the event, Natal went back on her promise. The municipal and parliamentary franchises were taken away from the Indians. When indenture was abolished, Indians were given the option of repatriation to India or strangling segregation in Natal. Recently, the situation became so strained that India has had to embark on retaliation, however, ineffective it may be.

Even against Ceylon India seems to have no effective sanctions, notwithstanding that Ceylon still wants Indian labour. The ban on Indian labour emigration has not yet persuaded Ceylon to come to honourable terms with India. Even if India secures satisfactory terms she may not be able to ensure their observance if Ceylon should subsequently think otherwise. Far from being a measure of retaliation, the ban on Indian labour emigration to Ceylon has been defended as a measure to protect the wage-level of Indian labourers already in Ceylon. India will have her hands full in securing equality of status to Indians already permanently settled in Ceylon and in other countries.

In these circumstances, it has to be considered whether even in the post-war era Indian labour emigration should be permitted to Ceylon and other countries. On the one hand, Indian labour may stand to gain materially by emigration, compared with conditions in the homeland. On the other, it cannot achieve equality and self-respect with the cordial goodwill and respect of the immigrant country. Even if satisfactory treatment is promised at the outset, India has no effective means of ensuring its implementation. The situation leads to conflicts, internal as well as international. It may be urged that

labourers are not particular about self-respect, personal or national, if their material status improves, and that, therefore, there is no justification for depriving them of the benefits of emigration because of considerations which are irrelevant to them. It should be noted, however, that the Indians who migrate as labourers do not wish that they and their children and grandchildren should remain labourers and rise no higher. In fact, in countries like Trinidad and British Guiana, some of the descendants of Indian labourers are now well-to-do citizens, merchants, lawyers, doctors, teachers, legislators, etc. Even if the original labourer is not sensitive to self-respect, his descendants are, and they agitate for equality and look to helpless India for help.

The best solution of the emigration problem is the improvement of labour conditions in India itself. No labourers would care to migrate to other countries to be no better off than in their homeland. If conditions are improved in India, there is no need even to prohibit labour emigration; there will hardly be any. With so much of development in India to be attempted and achieved, there is really no need to allow the present conditions to continue.

Pending that consummation, it seems best to prohibit Indian labour emigration altogether. The long-term evils overbear the immediate economic betterment. The number of labourers who migrate is infinitesimally small compared with the population of India. Such emigration does not raise the level of wages in India appreciably. Considering the pros and cons, the right of the individual labourer to unfettered betterment on the one hand, and the serious and complex national and international conflicts of such emigration on the other, India will do well to prohibit altogether labour emigration and concentrate on improving the status of Indians already abroad and improving labour conditions at home.

## ASSOCIATIONS IN INDIA INTERESTED IN INDIANS OVERSEAS

### THE IMPERIAL INDIAN CITIZENSHIP ASSOCIATION

The Association owes its existence to the South African Fund organized in 1914 by the late Mr. Gopal Krishna Gokhale. The late Sir R. J. Tata and the late Sir Pherozeshah Mehta were the President and Vice-President respectively of the Fund which was raised to help Indians in South Africa in their fight under the leadership of Mahatma Gandhi against the Asiatic Registration Act of the Government of the Union of South Africa. It provided relief to the families and dependents of those who suffered in this campaign. The struggle began in 1906 and terminated in 1914 when the Smuts-Gandhi Agreement was concluded. This struggle had the support of the Government of India under Lord Hardinge.

A meeting of the subscribers of the South African Indian Fund was held on 3 November 1914, under the chairmanship of Sir Fazulbhoy Currimbhoy and it was decided that the balance of the Fund should be devoted towards the establishment of a permanent organization with the object of safeguarding the rights of Indians as equal subjects of the British Crown in all British Colonies and Dominions as well as foreign countries.

The Association took a leading part in the fight for the abolition of indenture labour in Fiji, 1917-1920. It cost the Association over Rs. 73,000.

It maintained the families in India of those Indians who suffered in South Africa (1917-1919) at the cost of over Rs. 18,000.

It financed the Abdul Rahman Deputation from South Africa that waited on Lord Reading in 1926. The cost was about Rs. 40,000.

It deputed Pandit Hridaynath Kunzru to London to present the East African Indians' case (1930-31). The cost was about Rs. 3,550.

It rendered help to stranded emigrants in Bombay and Calcutta to the extent of about Rs. 5,000.

It granted a monthly stipend of Rs. 50 for ten years to Mrs. Cooverbai Sorabji, widow of the late Mr. Sorabji of South Africa.

The Association regularly financed the visits of the late Rev. C.F. Andrews to distant Colonies, like British Guiana, Fiji, Malaya, South Africa, etc.

The Association conducted an 'Emigrants' Home' (1930-34) where poor deck passengers were accommodated free of charge for a few days.

The Association has published 23 Bulletins on the position of Indians in different Colonies. It published the *Indians Abroad Directory* in 1933 and 1934.

The Association has its representatives in all the Colonies and Dominions and foreign countries.

It has a membership of about 100. Mahatma Gandhi is the only surviving Hon. Member of the Association.

Enquiries regarding the Association may be made of the Secretary, 235, Hornby Road, Fort, Bombay.

## INDIA AND THE WORLD

### REACTIONS IN INDIA TO EVENTS ABROAD

THE quarter under review was marked by most surprising, significant, and fateful events in history, such as the stunning Labour victory in Britain (26 July), the Potsdam decisions (2 August), the use of Atom Bomb (5 August), the Russian attack on Japan (8 August), Japan's unconditional surrender (14 August), the Russo-Chinese Treaty (14 August) and the cessation of Lend-Lease (21 August).

#### I

The Labour victory in Britain was hailed as an end of Churchill's Bonapartism and Tory reaction, and as a triumph of the progressive forces and the common man. More than to the Labour Party, it was a triumph for the British people who demonstrated conclusively their hard-headed political realism and lucumen. The ignominious defeats of Amery, Brenden Bracken, Edward Grigg and other lieutenants of Churchill; the polling, by virtually an unknown man, of 10,000 votes in Churchill's own constituency; the failure of the Conservatives to win a single seat from Labour; the surprising defeat of Sir Archibald Sinc-

lair and the rout of smaller parties—all these symbolize the upsurge of popular forces. Britain's swing to the Left, it was noticed, coincided with a similar swing in the liberated countries of Europe.

India welcomed the Labour victory on a fourfold basis. Firstly, it was received as a clear condemnation of Churchill, and the Munich men who torpedoed the collective security system, as unfit for peace-making. Britain remained still an important factor in world politics and Labour, as a party more in keeping with the spirit of the times, could promote world peace. Secondly, freed from the personal and class prejudices of Churchill and the Cliveden set, Britain, it was emphasized, could hope for a genuine and closer understanding with Russia. This would remove most of the obstacles in deciding the future of Europe. A Conservative triumph would have been a Tory punch to a Europe going Left. Labour's attention was drawn to the Democratic Socialists in continental Europe, who, by missing opportunities, had opened the path to Fascism and Nazism. Thirdly, it was felt that the average British voter was dead against Churchill's home policy. The lack of a definite national programme on the part of the Conservatives led to the unexpected electoral debacle, almost exactly reversing in 1945 the position of 1935. The Labour stand for public ownership of iron, steel, fuel, and power industries and inland transport, public supervision of cartels and monopolies, State aid to exports and suitable economic and price controls for the transition period proved quite catching and hurled the Tories into an ugly landslide in a tussle on domestic issues. Britain appeared to have got sick of the rule of the white-collar bosses and the stick-in-the-mud ways of the bureaucrats. It was, however, hoped that the present Labour Government—which is not only in office but also in power to enforce its decisions—would not, like the Ramsay MacDonald Government, allow itself to be caught in the trap of Tories thus making the change one merely from King Stork to King Log. Lastly, India saw a significant pointer in the return to Parliament of India-minded members like Sorenson, Cove, Dobbie and Davies. A Labour Government, it was thought, could bring to bear a more progressive spirit on any decisions relating to India and the colonies than a Conservative administration. The defeat of Amery might, it was hoped, toll the death-knell of his stonewall policy and the appointment of Pethick-Lawrence in his place proved a welcome relief. The mere exit of Churchill and Amery seemed to furnish a sort of psychological satisfaction to the Indian mind. It was admitted that India did not figure as an issue in the elections, though it figured much in the speeches of Labour leaders. Particularly, the Blackpool speech of Ernest Bevin offering to abolish the India Office, switched the Indian mind to that question though it was more *pro forma* than substantial. It was specifically affirmed that freedom was not just round the corner with the advent of a Labour Government and that it must be wrenched from unwilling hands by India's own suffering and sacrifice. The feeling, nevertheless, was there that Labour was once again on trial in regard to India and, if it failed this time to follow a policy of freedom for all peoples under its yoke, it meant that the world could hope for nothing from Britain.

## II

The Potsdam decisions were received as a compromise between the practical idealism of Russia and the American adherence to first principles. They seemed to constitute a guarantee of unity—which might prove a promise of peace—though there was much to show that they were a feather in Stalin's cap and allies were at cross purposes. While San Francisco had merely devised machinery for world peace, Potsdam might decide what sort of peace the Big Three wanted to impose upon the world and to that extent the Potsdam decisions were interpreted as a blue-print for the peace settlement. The agenda of the Conference was large enough to enable them to cast their net wide to draw in a big haul. In the final decisions was seen the impress of replacement of Churchill by Attlee.

In regard to the manner of future administration of Germany, it was felt that while the maintenance of Germany as a compact State and the termination of the system of zonal occupation must be the ultimate objectives, the chances of friction in a joint military administration by the Allied Powers were so great that it would be neither easy nor perhaps discreet to reverse the Yalta decisions. The task before the Conference was how best to reconcile the two aims—neutralization of German actual and potential war-making capacity and maintenance of the essential unity of the German people. This reconciliation, it was felt, was not easy for reasons both internal and external. England and America favoured the division of Germany. The American view was that for the time being Allied policy should be to encourage the separation of Bavaria. Russia, on the other hand, was anxious to preserve German unity from the Rhine to the Oder, the Rhine being the western frontier. (It may be noted that at the end of the last war, Clemenceau expressed the French view that the separation of the left bank of the Rhine from Germany was essential for security.) The effect of the proposed Russian arrangement would be to separate the Saar valley from Germany. Also, the Reich would now have much smaller territory than was allowed by the Treaty of Versailles. The cession of the slice of Germany east of the Oder and western Neisse would, it was felt, remain a sore problem. The handing over of the city of Koenigsburg to Russia would embitter all Germans brought up in the traditions of Prussian militarism. Potsdam was a compromise between the Anglo-American and Russian views.

In spite of its division into four zones of occupation and decentralization of German economy by the elimination of cartels and trusts and plans for de-industrialization, the tyranny of these restrictions was softened by the provision that Germany should be treated as a single economic unit. Moreover, despite the coupling of complete disarmament and demilitarization with the elimination of control of all German industry that could be used for military production including aircraft and sea-going ships, there was no extreme passivization contemplated under the Morgenthau plan. Even de-industrialization announced in general terms might, it was stated, allow considerable latitude in interpretation, and the pressure of public opinion might lead to a

softening up of the terms relating to the uprooting of key industries. Further as a central department of foreign trade was permitted, foreign trade might eventually be allowed. The American distinction between war industries and other industries proved far more intelligible to the Indian mind than the Russian assertion that even under adequate supervision Germany should be allowed no industries. The economic problem of Germany, it was pointedly affirmed, could not be completely isolated from the economic problems of Europe as a whole.

One relieving feature was that the reparations muddle of the last war was remembered. Russia was justly accorded the first claim on reparations as the country which suffered most and the reparations were to be made in kind.

As regards the political aspect, note was taken with satisfaction of the emphasis on the building up of a democratic administrative apparatus on a regional basis and on the twin motto of democracy and local responsibility in reshaping political future. While no central government was envisaged in the immediate future, the establishment of a Control Council for the administration of central subjects like Finance, Transport and Communications, Foreign Trade and Industry under State Secretaries was interpreted as another proof of the Allied aim of creating a unified German State. It was, however, felt that without a uniformity of treatment of the whole German population, the four-nation rule was not likely to achieve the desired unity. Satisfaction was expressed over the two sound policies that German education was to be controlled but not managed by the Allies and that freedom of speech, press and religion was recognized as a necessity of political growth. A certain standard of living was guaranteed to the Germans. All the uncertainties about the future of Germany were set at rest. The task of rehabilitating the German nation on a democratic basis might not, it was hoped, prove abortive provided Russian leadership was accepted by the other Allies.

Regarding other matters, the attitude to Spain was now clarified in its specific exclusion from the membership of the United Nations for its previous association with the Axis Powers. Similarly in the place of the ambiguities of the Yalta declaration, Italy, Bulgaria, Finland, Hungary and Rumania were afforded the opportunity to end their existing anomalous plight by holding free elections, basing their constitutions on genuine democratic principles and concluding peace treaties. The Conference decisions did not refer to the problems which the Allies might have to encounter in Yugoslavia, Rumania, and in western European countries such as the Netherlands, Norway, and Belgium. Greece continued to be a powder barrel which might explode again. Similarly the future of the Mediterranean including the Straits of the Dardenelles, the autonomy of Iran, the Russian claim for a share in the oil concessions, the French position in Syria and the Lebanon and the future attitude towards the conflicting claims of the Arabs and Jews in Palestine have remained untouched. Besides, in the absence of co-operation from the smaller and middle powers in Europe, the present joint system of control together with zonal occupation and pastoralization of Germany might lead to avoidable friction between the

big and smaller powers. While the establishment of a Council of Foreign Ministers of the Big Five for the preparation of peace treaties was welcomed as a step in the right direction, the exclusion of other countries was deemed unwise. On the whole it was felt that only the future could show whether the old spirit of Potsdam, where once Frederick the Great planned his grand strategy to lay the foundations of Prussianism, had been eradicated or found only a fresh basis for provocation.

### III

The Potsdam decisions gained almost immediate significance on account of the two surprising events of the use of Atom Bomb and the Russian attack on Japan which were followed by the unconditional surrender of Japan.

The Russian attack on Japan engendered varied reactions. There was a general inclination to treat it as a breach of Russo-Japanese Agreement which had some months still to run. The popular reaction was one of amusement at Molotov's statement that the refusal of Japan to surrender unconditionally to the Allies had made the Japanese appeal to Russia to mediate baseless, for if the Japanese were ready to surrender where was the need for Russian mediation? It was, however, added that if the Atom Bomb was not behind her action, then it must be presumed that she was impelled by the desire of bringing the war to an early end. But this conviction jacked in force in view of the fact that the Russian attack became a superfluity from the Allied viewpoint itself after the discovery and use of the Atom Bomb by America. But from Russia's own political standpoint in relation to her allies it was a necessity if she was to have a voice in the settlement of the peace in the Pacific. The subdued tones in which Truman and Attlee had welcomed the news of Russian attack were significant of their apprehensions rather than hopes.

Events in Japan moved to their tragic denouement with all the rapidity of a Greek tragedy. The Atom Bomb and the Russian attack had staggered Japan into acceptance of the Potsdam declaration which was accommodating in regard to the semi-divine status of the Mikado in Japan. The absence of any reference to the Mikado in the declaration and the Allied abstention from any insistence on his removal or trial could not have been accidental. The coincidence of this omission with the Japanese stipulation in regard to the Emperor's position deepened the significance of the Allied omission. The condition that the Emperor's authority should be subject to the Allied Supreme Commander seemed to reflect the Allied feeling that the Emperor might be a useful medium for securing unconditional surrender and for facilitating the transition from war to peace and transformation to complete democracy. The news of the Japanese surrender was as much a thunderclap in the whispering galleries as her resounding victory over Russia in 1904. India felt that the Japanese Government had faced the situation realistically and with high-minded devotion to the people in fateful contrast with the attitude of the Nazis. The impression was left on the mind that the Japanese had been given a chance to emerge as a nation. This was explained by reference to the fact that none was interested in the elimination of Japan as a stabi-

lizing factor in the Far Eastern peace and as a buffer between the Anglo-Saxon and Russian Powers. The collapse of Japan brought to an end one epoch of imperialism in Asiatic history. Japan had shaken three empires—British, Dutch, and French—to their foundations. With the fall of Japan, it was asked, will the three Empires revive again? Will the victory—which came earlier than was generally expected—be used with magnanimity so as to mean freedom for other enslaved Asiatic nations which hated trusteeship as much as co-prosperity? On the post-war treatment of Japan as a race depended the fate of Asiatic peoples. The Allied statesmanship was, it was asserted, on its sternest trial. With the conclusion of the Pacific war, the curtain had fallen on the starker tragedy in human history. Will the human values which went up in smoke be allowed to reappear?

But with the use of Atomic Bomb, the war ended on a note of interrogation, ‘where do we go from here?’ The war appeared to pale into a shadow before the problem set by the discovery of the Atom Bomb. The Bomb had not only secured a Pyrrhic victory in the Pacific war but tilted the balance of power and changed the whole conception of war. Ethically it proved a final obliteration of the distinction between means and ends. But what struck India most was its use against the Asiatic Japanese in glaring contrast to the abstention in respect of the Germans and the puerile character of its Anglo-American monopoly to the exclusion of their Russian ally. The talk of its control by America and England in the interests of humanity appeared to be too pious and sanctimonious to be true.

The end of the World War II naturally led to a discontinuance of certain war measures like the Lend-Lease. While the cessation of Lend-Lease set up the bristles of England, the Indian feeling was that no exception could be taken to it for Britain should have foreseen its end with the conclusion of hostilities. Britain's economic difficulty on the cessation of Lend-Lease was contrasted with the unscathed position of Russia with whom the problem of external trade was only a secondary issue unlike with Britain and America which produce, not like Russia for community consumption but, for profit. The war had accentuated the economic rivalry between U. S. and Britain. The U. S. conditions relating to the modification or abolition of Imperial preference and the Empire Dollar Pool as conditions for further U. S. financial assistance to Britain were interpreted as indicative of U. S. decision to break the British strangle-hold exercised on the Empire countries to the disadvantage of American foreign trade. India, however, deprecated the American move to make her a bargaining counter in Anglo-American broils. The American advice to Britain, in her anxiety to make Britain abandon Empire Preference and the Sterling bloc, to get British debts to India written off or scaled down, was resented as unworthy of America.

#### IV

Though the curtain finally dropped on the holocaust with victory in war, the prospect of losing the peace became evident in the ugly forebodings in Greece, Balkans and Indo-China.

The situation in Greece, it was felt, had deteriorated consequent on Ernest Bevin toeing the line of Churchill and the failure of the Allies to ensure conditions for really democratic elections as decided at Yalta. The agreement signed at Varkiza on 12 February with the E.A.M. had not been carried out by the Greek Government which was preparing for elections under conditions in which one third of the electorate would not be allowed to vote, another third might be terrorized and the results of the remaining third would be falsified and the plebiscite would only be a swindle. Much sympathy was expressed with the Greek liberal leaders who condemned the Government methods to rig the elections and withdrew their representatives from the committees for checking up the electoral rolls. India was especially critical of the British attitude based on the assumption that the people of Greece were politically so immature that they could not be expected to conduct their elections without British assistance. If Britain continued to evince this interest, it was asserted, then Russia could also claim to take similar interest in Bulgaria, Rumania and Hungary and that the least that Britain could do was to impress upon the Greek Regent the necessity to follow the Bulgarian example and postpone the elections to a more propitious time for truly free elections and the establishment of an all-party government which could prevent faked electoral rolls and police terrorism from restoring the throne to King George. The joint statement by Britain, U.S.A. and France (21 September) recommending the holding of general elections before a plebiscite on the constitutional issue of monarchy was welcomed as a triumph for the progressive forces in Greece.

The Balkan situation was seen to throw an interesting light on the Anglo-American policy which seemed considerably stiffened as was evident from the crisis over the Bulgarian elections leading to their postponement. Bevin and Byrnes curtly informed the Soviet-recognized Bulgarian Government that neither Britain nor U.S.A. would negotiate peace terms with that Government on the ground that it was not democratically constituted. This showed that Potsdam had failed to iron out the differences among the Big Three. The Yalta Agreement provided for the holding of elections to tide over such a stalemate. But Britain and U.S.A. fight shy of elections in Bulgaria, Rumania and Hungary on the ground that the elections would not be free if conducted by the present Governments. Of course, it was different with the Greek Government of Rightist reaction which was entrusted by Britain with the conduct of the elections. The Labour Government's Balkan policy was but a mild pink imitation of Churchill's imperialist policy and seemed to have become a merely cynical game of skittles for the big Powers.

The plight of Indo-China, where the Annamese freedom movement which began on 24 September is being suppressed with the help of the French, American and British soldiers, elicited wide sympathy and riveted attention to the general question of political reconstruction in South-East Asia. Indo-China cannot be deemed necessary for French security. Between a free China and a free Thailand, Indo-China would remain a serious problem. Without American and British help France could not protect her interests and yet she hankered after such an unenviable plight. India felt very strongly on the use of Indian

troops to put down the Indo-Chinese freedom struggle. French imperialism continues to be the old hag with a fresh paint. The colonial peoples would not, however, be content with a mere reorientated colonial policy. So far they were only fed on grandiloquent phrases, ideals constantly dangled before them in days of stress being later consigned to the lumber-room of history. Britain, France, or America cannot open their eyes sternly on the sin of social oppression in Japan so long as they are tainted with the original sin of imperialist grab themselves.

## V

The plight of Indo-China and other South-East Asian Countries under French and British domination would not, it was felt, continue the same in view of the emergence of certain hopeful factors like the Russo-Chinese Treaty with its promising implications to the future of those countries. The Russo-Chinese Treaty would inaugurate a new turn in Far Eastern politics by stabilizing the position of China which was so far a backyard of European politics. The Soviet interest in the Far East was mainly political for she had neither goods nor capital for export. She wants peace in the Pacific which could be secured by a strong, independent and democratic China. Russia's emergence as an ally of China would not only heighten the prospects of peace in the Pacific but also promise a better future for democracy in the Far East. Besides giving a fillip to the democratic forces in China it would encourage the national aspirations of the colonial peoples of Asia. By neutralizing the growing ambitions of American economic imperialism in the Far East, it would prevent China's transformation into an American vassal. The treaty was a distinct triumph to the progressive forces. Regarding its impact on China's internal situation, it had forestalled the diplomatic machinations of Anglo-American politicians. The suggestion that it was a rebuff to the Chinese Communists was ridiculed, for Russia, it was pleaded, never undertook the quixotic task of ramming communism down unwilling throats and her foreign policy was always surprisingly realistic. Russia was giving material and moral support to Chungking for a long time and her present help to it could not amount to letting down Yenan. The Treaty shifts the emphasis from the internal to the national plane and underlines the need for China's democratic unity. Chiang Kai-shek's task to rally all the progressive forces under his leadership had been made easier by this treaty. Russia realized that a durable understanding between her and China could only be on the basis of Chinese unification and by signing the treaty with Chungking she took the wind out of the sails of Anglo-American diplomacy which wanted only a weak and dependent China. The effect of this treaty would be felt throughout Asia.

Regarding the Communist differences with Chungking it was freely expressed that the basic issue between the two related to democracy and no one could characterize the Chungking Government as democratic. It was the immediate concern of the United nations to see that the birth of democracy in China would not be preceded by a civil war which was not necessary in view of Chiang's promise to make China democratic.

## DELEGATIONS AND MISSIONS

PARTICIPATION IN THE SOVIET UNION ACADEMY OF SCIENCES  
CELEBRATION

The Soviet Union Academy of Sciences, which celebrated in July 1945 the 220th anniversary jubilee celebration of its founding by Peter the Great in 1724, took the opportunity to make it an international gathering of scientists. The Academy has under its jurisdiction 53 scientific institutes and the staff consists of 4,213 research workers. During the war, the Academy opened 29 research institutions. It publishes 44 journals in English and French and its Stalin Prize is the highest Russian award in science. More than 150 famous scientists from Australia, Canada, China, the U.S.A., France, England, Iran, Sweden, Yugoslavia, Hungary, Finland etc. gathered in Moscow for the celebrations. Dr. Meghnath Saha, Dean of the Faculty of Science, Calcutta University, represented India. Besides, the Academy of Sciences' Institute of Oriental Studies also arranged a special meeting in Moscow whereat Academician Alexei Barannikov read his introduction to his Russian translation of Tulsidas' *Ramayana* and selections from *Lanka*, the sixth chapter of the translation. Dr. Saha handed over to the U. S. S. R. Society for Cultural Relations with Foreign Countries (Voks) the greetings of the All-India Friends of the Soviet Union. He also spoke twice from Soviet Radio stations.

## U.N.R.R.A. MISSION IN INDIA

The U.N.R.R.A. Mission headed by the Hon. Francis B. Sayre, the Diplomatic Adviser of the U.N.R.R.A. arrived in New Delhi on 10 July 1945. The other members of the Delegation were Mr. R.G. Gogate and Mr. G. Stewart Mason, both of the U.N.R.R.A. Bureau of Supply and Mr. George Grey. The Mission had discussions from 11 to 29 July with the officials of the Commerce and Supply departments of the Government of India at Delhi and Simla. The object of the Mission was to explore the possibilities of purchases in India of essential commodities which she could spare and which were required for the relief of the reconquered countries. The last Budget Session of the Indian Assembly approved of a contribution of Rs. 8 crores to the U.N.R.R.A. As a result of the Mission's discussions, the Government of India agreed to supply goods worth Rs. 6½ crores and this purchase amount would be credited towards India's contribution to the U.N.R.R.A.

## THE INDIAN INDUSTRIALISTS MISSION

The Industrialists Mission returned to India early in September after a four-month tour of Britain and the U.S.A. The members of the Mission were: Mr. J.R.D. Tata, Mr. G.D. Birla, Mr. N.R. Sarker, Mr. A.D. Shroff, Sir Sultan Chinoy, Mr. Laik Ali and Mr. Ajaib Singh; Dr. P.S. Lokanathan was Secretary to the Mission. The Report of the Mission published on 16 September stated that the tour had proved very useful in giving 'firsthand knowledge of the economic and industrial conditions and prospects in Britain and the U.S.A.' and 'a better informed appreciation of the significance, scope, needs and com-

plexities of modern industry'. Regarding the availability of capital equipment in the immediate future, the prospects, according to the Report, were anything but bright. While there was no chance of getting any from America for a long time, the deliveries from Britain could not be expected under two years. The position was most unsatisfactory in respect of the availability of the much-needed textile machinery. With the possible exception of medium-sized, general-purpose machine tools which would be available in both the countries, the need for capital equipment both from domestic markets and outside was so pressing that both deliveries and prices were bound to be unfavourable for a long time. In the case of other types of capital equipment such as power-plants, heavy and special-purpose machine tools, transport and electrical equipment, mining machinery, forging, foundry and chemical plants etc. delivery periods might vary considerably from six months to two years or more, and they would be generally longer in the case of England than in that of the U.S.A. Also, with the exception of such items as large-size boilers, special-purpose machinery tools, medium and small-sized electrical equipment etc. American prices were generally higher than British prices. The prices and deliveries offered were, moreover, the same for domestic and overseas buyers. But it was hoped that, in two years or so the prices as well as deliveries would become far more favourable and the machinery then available would also be of a more advanced and efficient type.

#### THE INDIAN FERTILIZER MISSION

The Indian Fertilizer Mission headed by Sir James Fit-Keathly reached America early in September after five months stay in England. The Mission's visit to America was in connexion with the project of the Government of India to set up a factory for the manufacture of 3,500,000 tons of ammonium sulphate yearly at an estimated expenditure of 40,000,000 dollars. Professor Kureshi, a member of the Mission, contacted the research organization of the Bureau of Mines and visited the Beltsville (Maryland) Agricultural Research Station.

#### REPRESENTATION IN THE COUNCIL OF FOREIGN MINISTERS

Dr. Wang Shih-Chieh, the President of the Council of Foreign Ministers, addressed a letter on 14 September to the Secretary of State for India extending an invitation to the Government of India to represent their views, if they so desired, at the meeting of the Council to be held on 24 September on the question of the Yugoslav-Italian frontier, and the future of the city and port of Trieste. India was interested in the peace settlement with Italy for a three-fold reason: the outstanding part of Indian armed forces in the defeat of Fascist Italy, the inevitable sympathy of Indian Muslims with the peoples of Islamic faith in Italian colonies, and the dependence of Indian security upon the maintenance of the communications by sea and air which link her shores with the countries of the West.

As the Government of India had no observations to offer on this particular aspect of the Italian treaty settlement, they did not wish to avail themselves of

the invitation. The Secretary of State, however, said: 'The Government of India have every confidence that their interest in the peace settlement with Italy will be borne in mind, should another opportunity occur for a similar invitation to be extended to other interested United Nations on some future occasion when matters likely to affect the interests of India are under consideration.' In that event, he added, the Government of India's views would be expressed by the Hon'ble Sir Geoffrey Prior whom they had appointed as their representative for such purpose.

The Hon'ble Sir Geoffrey Prior was for some time Political Resident in the Persian Gulf.

#### INDIAN CHEMISTS DELEGATION

A delegation of seven persons representing the Indian chemical and pharmaceutical industries left for Britain and America to study the latest developments in the industries of those countries. Dr. K. A. Hameed is the leader of the delegation, its other members being Mr. Mahomed Haniff and Dr. B. C. Das of Calcutta, Mr. K. K. Raman of Trichinopoly and Mr. R. B. Amim of Baroda.

#### ASSOCIATIONS IN FOREIGN COUNTRIES INTERESTED IN INDIA

##### INDO-IRANIAN CULTURAL SOCIETY, TEHRAN

This Society was founded with headquarters at Tehran in 1944 to promote cultural relations between Iran and India; its membership is open to all those interested in such promotion and willing to pay an annual subscription of Rials 240. The Managing Committee consists of the Ministers of Foreign Affairs and Education or their nominees, the Chancellor of the Tehran University, the Head of the Firhingistan-i-Iran, six prominent savants of Iran from amongst the members of the Society to be selected with the approval of the Minister of Education, the Indian Trade Commissioner at Tehran and Attaché for Indian Affairs, British Embassy, Tehran, the Head of the British Council and the representative of the British Embassy, Tehran. The Prime Minister of Iran and the British Ambassador are the Patrons of the Society. The Society has a President, a Vice-President, two Secretaries and a Treasurer. It functions in co-operation with the similar Society set up at New Delhi. The Constitution of the Society provides for the establishment of branches in the Iranian provinces and for the holding of annual general meetings, and also special general meetings, if considered necessary by the Managing Committee or at the written request of not less than 20 members.

The Society seeks to further its aims by organizing a library and collecting books on the literature and science of both countries and opening clubs and reading rooms. It proposes to promote cultural understanding by encouraging the study of Persian language, art and literature in India; facilitating the inter-change of students and teachers, and of exchange of books and other publications between the two countries; creating closer relations between the schools of arts and crafts, museums, laboratories and archaeological depart-

ments and between the commercial, agricultural, medical and public health institutions of the two countries; promoting better knowledge by arranging lectures, film-shows, and exhibitions; arranging and securing information of rare Persian manuscripts in both countries and providing facilities to take photo copies of the manuscripts; and, lastly, helping and guiding travellers visiting the two countries for cultural purposes.

#### LIST OF THE REPRESENTATIVES OF THE GOVERNMENT OF INDIA IN BRITISH DOMINIONS AND THE COLONIES

<i>Designation</i>	<i>Seat of Office</i>	<i>Present incumbent of the Post.</i>
High Commissioner for India in the Union of South Africa ..	Durban and Johannesburg	Mr. R. V. Deshmukh
High Commissioner for India in the Commonwealth of Australia .. .. ..	Canberra	Sir R. P. Paranjpye
Representative of the Government of India in Burma ..	Simla	Mr. Jamnadas M. Mehta
Representative of the Government of India in Ceylon ..	Colombo	Mr. M. S. Aney
Agent of the Government of India in Ceylon .. ..	Kandy	Mr. Matthew
Agent of the Government of India in Malaya .. ..	New Delhi	Mr. S. K. Chettur

The general function of these representatives is to watch the interests of the Indians resident in the countries of their respective jurisdiction and to keep the Government of India informed of such day to day developments in those countries as affect or are likely to affect those interests. They also constitute generally the channel of communication between the Governments of those countries and India.

## REVIEWS AND NOTICES

### INTERNATIONAL AFFAIRS

THE ORIGINS AND BACKGROUND OF THE SECOND WORLD WAR. By C. Grove Haines and Ross J. S. Hoffman. 1943 (New York Oxford University Press, \$4.00)

This book was first published in April 1943, and, therefore the orthodox historian might well suspect its value. The authors are not unaware of this danger: they say in the introduction: 'No one who has studied history deeply, peering into the compound of material and spiritual forces that make up the life of States, societies, and civilizations, will fancy it possible at this hour to write definitively about the origins of the present world war.' Apart

from the psychological difficulty of banning bias and prejudice in the midst of war, there is the great handicap, staring any such venture in the face, of the unavailability of material. How is it possible to probe into the archives of States which dare not bring their diplomatic activities into the limelight of publication? A number of voluminous histories of the First World War (1914-18) are hardly better than newspaper files as sources of information. The publication of secret documents threw a flood of light on the sources of the First World War, in spite of the fact that the trends of diplomacy of 1908-1914 were better known to students of international affairs than the intentions and policies of the Axis powers, of Russia and of the Democracies on the eve of this war. It is true that ultimately Great Britain, France, U. S. A. and Russia found themselves in the same camp arrayed against the Axis and their satellites, but this was by no means certain when hostilities broke out and Russia concluded a Non-aggression Pact with Germany. The intentions of Russia regarding Japan remained a mystery until it was obvious that the Empire of the Rising Sun was doomed. There were greater surprises in this war than there were in the last, and our knowledge of the various cross-currents on the eve of the Second World War must, of necessity, remain incomplete for some time to come.

In spite of these difficulties, students and laymen alike need a comprehensive account of the main trends and events, marshalled and arranged to give an intelligible and connected story. It is possible to bring about a scientific synthesis even from incomplete evidence. Besides, whereas it cannot be denied that the knowledge even of the obscure and apparently unimportant detail affects our ideas regarding the main events, it is still possible, with serious limitations, to assess the importance of the events as we know them. To a student of history it is always a question of degree; he welcomes more light, but he also realizes that our knowledge of human affairs can never be complete. This argument does not, in any way, militate against the need of patience in searching for all available information before deciding to write on a historical topic, yet it can be offered as an excuse for presenting what is known in the form of a book and rewriting the story when better opportunities for the collection of material come into existence. And this is a good justification for the publication of this book, which should unhesitatingly be pronounced a success. One reason is that U. S. A. was a neutral country much longer than the British Empire, and therefore the American press was better informed than the British during the earlier days of the war. Hence the book contains information which is new to an average English or Indian reader. The other reason is that the authors write well and convincingly, though at places, they cannot rise above the expression of indignation against the misdeeds of their enemies. As trained historians they might as well have suspended judgment until all facts were known. The Japanese attack on Pearl Harbour is a source of great annoyance to U. S. A. and at present it does seem that Japan struck without warning and without the usual declaration of war. Our authors give this account under the headline 'A date which will live in infamy.' Such language smacks more of propaganda than sober history. During the First World War, Germany's in-

vasion of Belgium was considered no less infamous, and yet, when all facts came to be known the average historian was inclined to be much less harsh in his judgment. One wonders how the Axis propagandists characterized the Allied violation of Iranian neutrality. However, it is difficult to keep tempers unruffled in the midst of wars, and historians are no less human than politicians in this respect. Nor is there much maturity or sincerity in such remarks as the following which refer to the end of the First World War: 'The ideal of international community, the rights of small nations, political liberty and democracy—ideals distinctively Western and the principal cement of the coalition that overthrew the German Empire—were totally incomprehensible to Japanese mentality.' The hatred of Japan should not blind us to the fact that Japan was not the only sinner in this respect, nor indeed did the Western allies show much regard either to the ideals of international community or to the rights of small nations. It may be conceded that 'Japan was willing to set Asia against Europe, orient against occident, yellow man against white man, pagan against Christian,' but her success in achieving this end, it should have been recognized, was, in no small measure, due to the treatment which Asia, orient, yellow man and pagan had received at the hands of Europe, occident, white man and Christian.

The examples of such blemishes could be multiplied; a tone of righteous indignation and, what is much more uncritical and annoying to a scientific mind, of self-righteousness runs through the book in many places, but one forgives these faults because of the wealth of information which the authors have succeeded in bringing together and the lucid and readable manner in which they present their facts. Perhaps the most dramatic of all the facts discussed is the story of the entry of Russia into the war as an ally of the Democracies. The discussion of the main events following the Armistice of 1918 and leading to the Treaty of Versailles is also excellent. The book, in spite of the handicaps, material and psychological under which it was written, is a valuable addition to our knowledge of the world history between the years 1918 and 1939 and helps us in understanding the broad trends as well as certain obscure happenings of this war. It should be studied by all those who require a succinct and manageable study of the background against which the drama of the emergence of a new world is taking place.

I. H. QURESHI

**THE YOGI AND THE COMMISSAR.** By Arthur Koestler. (London: Jonathan Cape, 1939. 6d.)

THIS remarkable book makes it clear as daylight that the hope of saving Western man from race-suicide depends on India. Because of the importance of this challenge to the educated classes of India, I will begin by quoting these vital conclusions from the last two pages of *The Yogi and the Commissar*:

'Contemplation survives only in the East and to learn it we have to turn to the East; but we need qualified interpreters and above all an interpretation in the terms and symbols of western thought' (p. 255).

'Neither the saint nor the revolutionary can save us; only the synthesis of the

two. Whether we are capable of achieving it, I do not know. But if the answer is in the negative, there seems to be no reasonable hope of preventing the destruction of European civilization, either by total war's successor Absolute war, or by Byzantine conquest—within the next few decades' (p. 256).

To make these statements perfectly clear, withdrawn as they are from their context, I must explain that the author's 'we' refers to the Western peoples, with the exception of the Russians to whom he refers (in the second extract) as the possible Byzantine conquerors. By 'European' civilization, he means that form of social and cultural life which is shared by the Americas and Europe—again excluding the USSR.

Koestler is one of the most distinguished of this century's European revolutionaries. Born a Hungarian, he has been a full and active member of the Communist Party and has lived and worked in Soviet Russia. He thus represents the extreme Left and is, judged by this and his three preceding books, easily the most powerful literary expositor of the practical ideology of current revolutionary politics.

His evaluation of the political experience of the Left during the last thirty years merely expresses the overwhelming conclusion of the majority of mature revolutionaries in Europe; but to this summary, Koestler adds something peculiarly his own.

This addition is firstly a diagnosis of the fundamental causes of the world's present chaos, which goes deeper than that of any other political writer since Ortega y Gasset. But it is Koestler's prognosis of the further destruction of all tolerable human values which will interest us in India most of all; and, arising from that prognosis, his prescription to restore a healthy body politic (and social) to the race of man. For Koestler's conclusions are not despairing; he has realized, as have quite a few Western intellectuals in these last years, that there are still in India enormous reserves of human power which can conceivably be poured forth to renew human dignity, which Western Man has almost destroyed. God-in-man is still a reality here, though he is already only the shadow of a myth in the world outside India—even in China, I am afraid.

The tragedy of the atomic bomb does not invalidate Koestler's belief in the regeneration of the political and social framework of the world, which is still possible if we will draw on India's human resources. There will be less talk among intelligent people of putting the scientists into political power to reconstruct society (with the living-corpse technique of statistics, machinery and centralized bureaucracy) as soon as it is fully realized how these High Priests of experimental knowledge have allowed their nationalist and racial emotions to trick them into releasing a destructive force of whose ultimate effects they have not yet the slightest knowledge. With the omniscience of the scientists discredited, we may hope for better acceptance of a new, practical ideology, founded on the needs of human beings regarded as such and not as units in a system.

So one can seriously hope that Koestler's appeal to India will bear fruit. I

would stress again that it is an appeal for help from one who ranks among the best of Western minds. Koestler is the first—he will not be the last—to ask for something which only India can give—a middle way, founded on the traditions of Hindustan, now living realities for millions again, thanks to Gandhiji; and to be made practical for Westerners by Indians who have lived in the West and can therefore build a practical technique suitable to Westerners.

The first necessity for every educated person who believes that he or she may contribute to this work of teaching Westerners how to live in a constant, humble awareness of the God-in-man is of course to read Koestler's book. For the teaching won't be all from this side!

EVELYN WOOD

NATIONAL SELF-DETERMINATION. Alfred Cobban. 1945. (London: Royal Institute of International Affairs. Oxford University Press, 15s. net)

In an age when slogans are repeated without their true import being understood, it is refreshing to go through the work of a scholar like Alfred Cobban who has subjected the principle of national self-determination—now almost a slogan in India—to a searching analysis from both the historical and the theoretical standpoints. It is his conclusion that the doctrine that every nation has a right to become an independent sovereign State is theoretically invalid and is incapable of being put into effect, and that nothing is more dangerous than weaving out theories which are so remote from the practical realities of life. After all, the doctrine under consideration is only a century and a half old and even during this short period it had its ups and downs. Attempts to redraw the map of the world on its basis were not found quite practicable by the framers of the Treaty of Versailles—when the principle was at the height of its reputation—and in areas where the attempts were made it became the source of internal strife and external weakness especially because of the inter-mixture of nationalities in many parts of Central and Eastern Europe. As a theory it suffers from numerous defects. A nation is not a determinable entity; no collective entity has rights—only individuals have them; no rights are absolute; the nation stands for spiritual values while the State stands for external order, law and peace. The State alone requires sovereignty of a kind; a cultural group like the nation is not in need of it; to try to acquire it is to create confusion leading either to totalitarianism or anarchical Balkanization. It is a fallacy to say that democracy is workable only in uni-national States; Britain, Switzerland, Belgium, Canada and South Africa belie this. Multi-national States like the British Commonwealth of nations and the Soviet Union have attained remarkable success in reconciling the sentiment of nationality with the needs of a single political order over as extensive an area as possible. All nations are not fit for independence. Some have to be content with regional autonomy. It is the thesis of the author that regionalism should prove to be a good substitute for nationalism in many parts of the world.

The book deserves to be carefully studied by every Indian publicist. It is a scholarly and objective study of nationalism in all its phases.

M. VENKATARANGAIYA

**INDIA AND CHINA.** By S. Radhakrishnan. 1944 (Bombay: Hind Kitabs, Rs. 6)

In this book are published lectures delivered in China in May 1944, by Sir Radhakrishnan, the famous Indian internationalist and orientalist. There are seven lectures in all.

Sir Radhakrishnan went to China on a cultural mission; so his lectures mainly deal with cultural, educational and religious aspects of India's relationship with China. The title of the book is apt to suggest that it is a treatise on the general subject of co-operation between India and China; it is not so. The theme of the lectures is confined to one of the most fruitful aspects of Indo-Chinese kinship: 'When the cultural heritage of India was brought into contact with the Chinese spirit a new China arose, a China which persists to this day.'

Sir Radhakrishnan gives us a penetrating analysis of the Chinese ideals of education, and the religions of China; in such an analysis, he discovers many affinities between the ancient philosophies of India and China: 'The conception of the Tao (i.e., the essential principle underlying the sensible phenomena of nature) is on the same lines as the idea of Brahman in the Upanishads.'

The lectures give the reader an objective view of the ancient and present condition of China: 'Chinese Buddhism stands in need of urgent reform.' For the proper understanding of modern China, this book is invaluable, for it gives a deep insight into China's philosophic and spiritual heritage.

In the last lecture the lecturer makes a diversion into the international field by his interesting observations on 'War and World Security,' and after an excellent summary of war aims, he enunciates the basic principles of a just world peace: race equality, a world commonwealth and international police: 'There must be international insistence on certain decencies which should be observed by all governments.'

There are several appendices to the book, giving interesting information about the author's tour in China.

There is one small typographical error which may well be corrected in future editions: the first letter of the second part of a Chinese hyphenated name is invariably of the lower case, and not a capital letter; for instance Sun Yat-sen, not Yat-Sen, Ching-wei, not Ching-Wei.

B. L. RALLIA RAM

**SOVIET ATTITUDE TOWARDS CHINA: FACTS AND PACTS.** By Stanley Powell. 1945. (Bombay: Nalanda Publications, N. M. Tripathi Ltd., Price not stated).

Prefaced by a nine-page summary of China's relations with Czarist Russia, this monograph attempts to plaster the Soviet diplomacy in black paint.

It is also full of factual mistakes. Russia did not secure the lease of Liaotung Peninsula in 1896 (as in p. 5); but she secured the lease of Dairen and Port Arthur in March 1897, with its tenure defined later in 1899. It is absolutely groundless to say that the Soviets evacuated Sinkiang in 1943 because of Anglo-American demands (p. 83). Commenting on the ireful Tungans (p. 80) the author does not seem to know their intermittent uprisings since March 1944 (*New York Times* dispatch from Delhi, 25 January 1945). Space forbids enumeration of his mistakes. 'Powell's Attitude Towards the U. S. S. R., Fables and Morals' may well be the title of this publication.

CHEN HAN-SENG

**MASARYK'S PATH AND LEGACY.** By Edward Benes. Indian Edition 1944. (Bombay: Nalanda Publications, Re. 1/4)

In this inspiring Funeral Oration at the Burial of Masaryk, the President-Liberator of Czechoslovakia, Dr. Benes gives a pen-portrait of the great man, the sources of his inspiration, the values which influenced him through life, the work which he did for his country and the lessons which one and all can learn from his life and work. A most useful publication.

**THE WAY TO PEACE.** By Lionel Curtis. 1944. (London: Oxford University Press, 1s. net)

Mr. Curtis is an idealist. With great moral fervour he reiterates the thesis, which he has stated in his earlier books, that without abandoning national sovereignty in the sphere of defence and foreign affairs, no really effective international organization can be formed. Especially the doubting 'realists'.. should read this timely book.

A. APPADORAI

#### FOREIGN BOOKS ON INDIA

**STRANGERS IN INDIA.** By Penderal Moon. 1944. (London: Faber & Faber, 7s. 6d. net.)

**THE FUTURE OF INDIA.** By Penderal Moon. 1945. (London: Pilot-Press, 5s. net.)

During the past few years the political problem of India, which has entered its final and most difficult phase, has attracted the attention of English and American writers but, I believe, no one has gone so deep or reached so near the core of the problem as Mr. Moon has done in the two small books listed above. Unlike most other foreign writers Mr. Moon has lived and worked in India for a number of years. As the note on the dust-cover of *Strangers in India* states, Mr. Moon resigned from the Indian Civil Service in 1943 at the age of 38, 'after a conspicuously successful career in the Punjab.'

The first book by Mr. Moon is mainly descriptive and analytical and is written largely in the form of a dialogue between two British I. C. S. Officers—one senior and the other a junior district officer. They discuss in nine comprehensive chapters, with knowledge and understanding, the various problems

facing the people of India and reach important conclusions which are summarized by Mr. Moon in the tenth and concluding chapter. These conclusions are again stated in a more precise and pointed manner in the second book *The Future of India*.

*The Future of India* is a remarkable publication. In the short space of 64 pages the author has dealt with the whole Indian problem—both socio-economic and political—and he has accomplished the task with rare courage, ability and impartiality. Throughout the book Mr. Moon has displayed a genuine respect for truth, a deep sympathy with the Indian people, and a keen sense of appreciation and understanding of the viewpoints of both the All-India Muslim League and the Indian National Congress. And the author has succeeded in his objective of placing before his countrymen a clear analysis of the Indian problem and the lines on which a satisfactory solution may be discovered.

Mr. Moon begins by appealing to his countrymen to do 'some clear thinking about these (Indian) problems' and to adopt a helpful attitude. 'British wisdom, patience and straight-dealing may, even at this late hour, help to resolve seemingly intractable difficulties and give India a good start on her course as an independent nation.'

One of India's greatest handicaps is the grinding and chronic poverty of the masses and their general backwardness. 'The mass of its people live in mediæval squalor—underfed, diseased, illiterate, the slaves of custom and of fate.' 'Poverty dominates the lives of India's "voiceless millions".' Mr. Moon carefully examines the important causes of this poverty or of India's low productivity and also describes the attempts so far made to improve it. He discusses realistically the various plans of economic development and fixes the following socio-economic objectives:—

(A) To increase production by (i) improvement of agriculture which can be achieved by (a) extension of irrigation; (b) reduction of useless cattle; (c) collective farming; and (d) better rural communications; (ii) industrialization which can be achieved by the use of sterling assets and of additional capital, partly domestic and partly foreign, for (a) the development of hydro-electric power; (b) hiring and training technical skill; and (c) establishment or extension of light and heavy industries working for the home market.

(B) To raise the standards of education and health by the extension of the social services *pari-passu* with the increase of production and thus to prepare the way for.

(C) Regulation of the population through Birth Control.'

To achieve these objectives, writes Mr. Moon, 'a sort of crusading spirit is needed—but a Government ultimately controlled by foreigners cannot easily awake this crusading spirit except against itself. Hence all the energy and enthusiasm of the ardent elements in India which should have been devoted to social and economic reform have spent themselves in political conflict with government.'

Mr. Moon regards this as inevitable in the circumstances and holds that 'the first essential—is to solve the political problem. A continuation of British control, though it might preserve order, is incompatible with progress..

"The first necessary condition is political independence." There are two chief obstacles in the way—the division between the Hindus and the Muslims and the existence of Indian States.

Mr. Moon examines the demand of the Muslim League for partition and Pakistan. It is not 'a simple or ideal solution of the communal problem.' Partition will still leave 'large and scattered' minorities in the new 'National' States. Muslims in Bengal are very different from the Muslims in the North-West—Will they form one or two separate States? There are the problems of five million Sikhs in the Punjab and of a Hindu Calcutta in Bengal. It is undesirable that 'Pakistan, if separated from the rest of India, would suffer economically.' 'To divide up political and economic units is to run exactly counter to the needs of the modern world. But whatever the objections and practical difficulties, the principle of partition must be conceded.'

With regard to the Indian States Mr. Moon is of opinion that 'amalgamation with one another or absorption by larger units' is inevitable in the case of 'many of the small and medium-sized States.' But Mr. Moon believes 'that the States have a great part to play in India's future....It may be that they will link up in some loose federation with other parts of India....But they will retain their princely rule and dynasties.' 'The tradition of personal rule is strong in India and there is a deeply rooted respect for hereditary right....A quasi-hereditary bureaucracy, tempered by consultative assemblies, is perhaps the political form which will become standard' in both States and Provinces.

Mr. Moon believes that India can achieve independence through the procedure outlined in the Cripps Proposals. The chances of agreement (among Indians) are higher than most Englishmen imagine....The inducement to compromise would be very strong if they know for certain that the British have finally decided to withdraw or abdicate. 'Our continued presence as a third party with controlling power, always on the point of abdicating, but always postponing it, will encourage intransigence.' Mr. Moon tries to impress upon the English people 'that the time has come for them to divest themselves once and for all of political power in India: if the method of doing this outlined in the Cripps' Offer proves impracticable, because Indians cannot agree among themselves, *then some other method must be found.*' Mr. Moon boldly faces the risk of anarchy and advises the handing over of the power to some one of the claimants—if there is no agreement among them. 'If we chose well, the persons put in control of the various forces of government would have as much chance of preserving internal peace and order as those who might come to the front as a result of some agreement.' He outlines briefly how this may be done. And he concludes: 'Cripps' Offer holds: but our resolve must hold, even if the Cripps' Offer fails. By hook or crook British rule must be brought to an end.'

One cannot help admiring the faith and courage with which Mr. Moon has faced the Indian problem. I also regard his conclusions as generally sound. It is only on two points that I find myself in disagreement with him. I am afraid Mr. Moon has departed from his usual thoroughness in glossing over the rise of communalism in Indian politics and in not making any reference to the part played by the British bureaucracy in India and its imperialist supporters in Eng-

land in vitiating the policy of developing self-governing institutions in India by tacking on to it the communal basis of representation and of division of authority and of the loaves and fishes of office. Secondly, I cannot subscribe to the view that hereditary monarchy and quasi-hereditary bureaucracy should be allowed to play an important part in future in the Government of India. However, I whole-heartedly endorse Mr. Moon's indictment of the administration of justice by the British Government in India and his view that the adoption of British procedure and laws of evidence had resulted in corruption, distortion and suppression of truth, encouragement to speak untruth and to fabricate false evidence and generally in the miscarriage of justice in many cases.

I recommend strongly the study of these two handy volumes to all those who wish to understand the Indian problem.

GURMUKH NIHAL SINGH

SALUTE TO INDIA. *By J. Z. Hodge.* 1944. (London: Student Christian Movement Press, 6s.)

PEOPLES OF INDIA. *By William H. Gilbert, Jr.* 1944. (Washington: Smithsonian Institution, 25 cents).

INDIAN VILLAGE HEALTH. *By J. N. Norman-Walker.* 1945. (London: Milford, 4s.)

THE UNTOUCHABLES OF INDIA. *By Louise Ouwerkerk.* 1945. (London: Milford, 1s.)

#### OTHER BOOKS

FEDERATING INDIA. *By D. R. Gadgil.* 1945. (Poona: Gokhale Institute of Politics & Economics, Rs. 6.)

Only the over-optimistic and the ostrichlike can deny that the Muslim demand for Pakistan is, in the sphere of constitutional progress of our country, the most live of issues.

Prof. Gadgil of the Gokhale Institute has been provoked into writing a book on this political theme by the prevailing notes of unreality and sheer negation in the contemporary discussion of this issue. Prof. Gadgil's rôle is frankly not that of a politician nor is his book primarily addressed to persons of that category. But to all who are prepared to place reason above prejudice his book will have an irresistible appeal. I am using no formal language when I say that no thoughtful person, to whatsoever community or party he may belong, can afford to miss the refreshing effect of the superb analysis and compelling logic of Prof. Gadgil's presentation of the full implications of federating India.

Not all the premises and presumptions from which Prof. Gadgil starts can be expected to secure the ready consent of students of Indian and world affairs. But on the foundations of what he considers as axiomatic truths of the past evolution and present meaning of Indian historical events, Prof. Gadgil has, like a skilled architect, built an edifice of arguments and conclusions which must compel the acquiescence—perhaps not a very willing acquiescence—of every reader who is open to argument. For this self-tormenting variety it

should not be enough to feel a vague dissatisfaction at the conclusions established by the author but they must ask themselves whether the premises from which Prof. Gadgil proceeds are axiomatic in the sense of being inexorable. Not by picking holes in the reasoning of Prof. Gadgil which I presume is too much cast-iron logic for that—but by influencing the factual environment—which he with apparent justification assumes to be unalterable—can anyone hope to escape from the main conclusion of the book: ‘If we can neither convince nor coerce the Muslims, rather than trying to conciliate them by making essentially unfair and unsound concessions it is better for everybody that we should seek the fulfilment of our destinies in voluntary separation’ A plain narration of the thesis of the book will reveal both the environmental background and the argumentative strength of his case in support of this conclusion.

1. If the desire to have an economically prosperous and socially free life for the mass of our people is not to be indefinitely delayed, we must aim at creating in India the largest possible unit of administration under Indian direction. The Government of this unit must be democratic and its form cannot be other than federal. The federal executive, no less than the constituent state executives, will have to possess the attributes of responsibility, unity and strength in a high degree if all the tasks of peace-time and war-time administration are to be efficiently and progressively discharged.

2. If such an administration can be set up without much delay in India as a whole it would be the most desirable thing. For this consummation to be attained, the spontaneous loyalty and the patriotic sentiment of the mass of citizens will have to be secured. Considerations of geographic contiguity, economic advantage and historical association have little significance if the feelings of loyalty and patriotism are not present.

3. The leaders of the Muslim community have made it very clear that they, as a community, claim a position of at least equal partners in the legislative and executive branches of government. This is not a demand to remedy or to forestall a minority grievance but a demand for political privilege. Such a demand is inconsistent with the essential requirements of any administration and of democratic administration in particular, and it cannot be met without gross injustice to non-Muslim citizens.

4. The whole Muslim case as it now stands, therefore, is essentially inconsistent with the unity and strength of the national government and with the freedom, equality and other just rights of the non-Muslim population. Political privilege in all its forms, including weightage in the legislatures, must be removed from the Indian constitution. We cannot hope to convince the Muslims of the justice and ultimate national advantage of this position, as they, one and all, seem to have set their hearts on not being governed by a predominantly non-Muslim indigenous administration. It would neither be feasible nor desirable to resist the genuine claims of Muslim self-government by force of arms.

5. Anything that leaves the Indian governmental authorities disunited and powerless may be viewed with complacence by the British. But we must

in our own interest never acquiesce in such a position. For peace as well as for war a smaller yet well-knit, integrated and soundly organized State is preferable to a larger one lacking in the attributes of the citizens' loyalty, and the unity and strength of the administration. All devices suggested as alternatives to a genuine All-India Federation and a scheme of agreed separation are unsound and harmful.

6. Even with political separation there will be a Muslim minority in a non-Muslim federation and non-Muslim minorities in a Muslim federation. But when the claim for political privilege is satisfied by separation, the position of Muslim and non-Muslim minorities can be met by normal constitutional methods, e.g., the League of Nations formula regarding the treatment of minorities.

The above is no more than a brief outline of the main thesis of Prof. Gadgil's book, the one hundred and odd pages of which, including details, side-issues, statistics and maps, must be carefully read by everybody who desires to acquaint himself fully with the author's authentic views on the several aspects of this all important question. The basic presumption of Prof. Gadgil is that the irreconcilable feeling and recalcitrant attitude of the Indian Muslims must now be taken as granted. If this presumption is correct, for anyone who is a realist in politics, hardly any other position than the one developed by Prof. Gadgil is tenable.

Mass sentiment, especially when it is fanned by emotions of antagonism towards another group, is such a powerful drive that the best of reasons may be easily swept before it. Well does Prof. Gadgil say that this question of Pakistan will ultimately hang on the political sentiments of the Muslim masses and the political wisdom of their leaders. The mass sentiment is essentially the creation of the 'wisdom' of the leaders. If this wisdom is to be a properly informed creed, we have in Mr. Gadgil's own objective survey enough ground to believe that no Indian Muslim or non-Muslim will find his own and the national interests best served except in a United Indian Federation. Prof. Gadgil's case is, not that a separate Muslim and a non-Muslim State in India are economically unsupportable, but that in a political union for the whole country, with the adoption of the now developed technique of cultural and regional autonomy and minority protection, the highest ends of social organization, viz., freedom and prosperity, will be better realized by both in a united rather than in a separated political existence.

The cultural, linguistic and social revivalism which is so strong in both the Muslim and Hindu folds at present is capable of being integrated if not into a common programme of action, at least into a frame of mutual toleration based on a frank and full recognition of the ultimate advantages of both the communities. Just claims regarding personal law, religious worship, cultural life, political status, administrative employment, sharing in the benefits of the State departments and the like can always be secured by irreproachable guarantees. Only on one vital count, that of foreign policy, an atmosphere of exaggerated fear and suspicion has developed to a stage where a deliberate attempt at thinking out the future course of international events is urgently called for.

The Muslims' brotherhood of faith transcends political bounds and hence Prof. Gadgil fears that pan-Islamism will always be the sheet-anchor of the foreign policy of Indian Muslims. There is no parallel policy for non-Muslims who in this respect are expected to be merely objective. In any scheme of guarantees this sheet-anchor of Muslim political creed cannot be included as a given condition, and hence Prof. Gadgil feels that it is natural on the part of the Muslims to demand the setting up of a political unit whose foreign policy they can always control. Even with a grant of equal and authenticated representation in all the branches of Indian governmental structure, the guarantee of such a control cannot be obtained. Hence do what we will, the Muslims will, Prof. Gadgil expects, demand separation.

Recent tendencies in the political life of the Muslim States, from Egypt to Afghanistan, reveal a growing trend towards objectivity. While none of them will be so inept as not to exploit the religious bond for vitalizing and cementing alliances otherwise proved to be desirable, it is extremely unlikely that any future 'Jehad' will be so more than in name. On the purely objective plane I do not see why the foreign policy of India as a whole should not normally be that of friendliness with the Muslim States. Military power is the basis of foreign policy, and military power is a function, now more than ever, of industrial power. None of the Muslim States, including Pakistan to be, will be specially well favoured in this respect. At any rate it is obvious that in a United Indian Federation the Muslims will have a more favourable chance of carrying effective succour to their co-religionists elsewhere than in Pakistan.

Even from the standpoint of non-Muslim interests far more important than the attitude of the near-Eastern and middle-Eastern States towards India is the mutual position of Russia, China, the U. S. A., and the U. K. Unless it is seriously feared that the attitude of any of these towards India is likely to be different from their attitude towards the Muslim powers, I do not see how normally our reactions based on sheer self-interest are likely to differ.

In the altered balance of world power, it seems to be obvious that a close cohesion among Asiatic States is indicated as the first principle of a sound and realistic foreign policy. In his prognosis of the rather distant future, Prof. Gadgil seems to look upon such a cohesion as being natural and advantageous. It seems to me that on this as also on the other implications of the Pakistan demand what is essential is a frank, objective and fair exchange of opinion among leaders of thought among all the communities, carried on in an atmosphere of perfect freedom and equality. A readiness to acquiesce in separation if the Muslims as a community desire it will create just the proper atmosphere for a fair exchange of opinion.

While dogmatism is to be least welcomed in a field of human behaviour, I cannot but express my feeling that the controversy that is now raging round this question of Pakistan is but an expression of the Indian people's travail at the birth of a nation. This is not intended either as a wishful thought or as a deterministic slogan. Here is a challenge thrown out by our environment: while advantage points one way the stress of political controversy pulls in the opposite direction. Unless our leaders of thought are to be adjudged by

history as purblind and inept bunglers, the Muslim leaders have to develop a faith in their own competence and in India's destiny, for the welfare and progress of all, Muslims as well as non-Muslims. The latter also have a responsibility to nurse the virtues of tolerance and freedom. Both have to drop their mutual fears of domination which are entirely unfounded in the democratic context. There is nothing in our environment or history—excepting the subconscious expectation that after all democracy and national government are nowhere round the corner with imperialistic powers striving for the suzerainty of India—that should make a wise choice impossible.

If this hope fails and if Muslim leaders backed by the Muslim masses persist in claiming either inordinate privilege or separation we have Prof. Gadgil's word for it, that we must choose the latter. This would in no sense be a disaster. But it would certainly amount to throwing away a golden opportunity of co-operating with the beneficent forces of history and to sliding back into mediaevalism in many of the significant aspects of national life. In my opinion the best use of Prof. Gadgil's scholarly, logical and outspoken book consists in the challenge that it offers to constructive Indian statesmanship.

D. G. KARVE

**THE FUNDAMENTAL RIGHTS OF MAN.** By M. Venkatarangaiya.  
1944. (Bombay: Hind Kitabs, Rs. 2.)

Considering the importance which the doctrine of fundamental rights has assumed in the agitation for a free Indian constitution, Prof. Venkatarangaiya has done well in placing before us a very lucid and concise account of the origin and content of this doctrine as it developed in the West. In tracing the history of the doctrine the author has clearly demonstrated how it arose mainly as a protest against privilege. He has also emphasized its changing content in accordance with the fears and aspirations of those who carried forward the movement of freedom from age to age. After setting out in broad outline the pros and cons of the insistence on fundamental rights in the formulation of a constitution, Prof. Venkatarangaiya rightly points out the latterly increasing danger of this very doctrine being used for the maintenance of privilege against the surging democratic tide. Speaking of India, the author has exposed the hollowness of the British refusal to the Indian demand for the declaration of fundamental rights in the past. It is a timely book and well worth perusal by all students and workers in the political field.

S. V. KOGEKAR

**GANDHISM RECONSIDERED.** By Dantwala. 1945. (Bombay: Padma Publications, Re. 1)

**PLANNING FOR PLENTY.** By Sikander Choudhary. 1945. (Bombay: Longmans, Re. 1/8)

*Gandhism Reconsidered* is a good and original attempt at criticizing Mahatma Gandhi's distrust of modern mechanical civilization from the sociological

and the economic points of view. The author tries to show that although, theoretically speaking, the introduction of machinery is supposed to create more employment than it destroys, yet, in actual fact the opposite happens very often. Even the Bombay plan, he points out, wishes to go slow about 'capital intensification.' Though the book is obviously a rationalization of Gandhiji's sentiments, it leads to reflections on the supposed infallibility of economic doctrines. Gandhiji's dislike of the machine is not purely mystical as many of us believe. The author next deals with how capitalists are to change into trustees for the State, giving up their privileges of their own accord: but of course one feels that he rates the possibility of such altruism too highly.

The argument of the second monograph is that capitalism cannot, because of its very nature, produce enough for our own economic needs. Nothing is said that is new, but it offers an interesting criticism of the various plans from the Marxian standpoint. The Bombay Plan which makes light of the fundamental distinction between capitalism and socialism will (if put into practice) lead us to monopoly and restrictions instead of the promised plenty. The People's Plan gives the author more satisfaction but he fears that compensation, if given to owners of private property, will prove a great drag on industry. The Gandhian plan is dismissed as being quixotic and impracticable. The only solution is Socialism—one might agree there—but *how* is a question he has not answered here.

**THE SIMLA TRIANGLE.** By Ashoka Mehta and Kusum Nair. 1945.  
(Bombay: Padma Publications, Re. 1)

As the title explains, this book is a story of the Simla Conference and its failure. It is mainly a collection of apposite statements presented forcibly through shrewd editing, and convincing the reader that any conference, which has among its elements a tight-fisted imperialism and a narrow communalism, is foredoomed to failure. The book offers a confirmation of the same theory developed by Mr. Mehta in *The Communal Triangle*. In the authors' opinion the Congress leaders would not have stooped to participation in such a conference or become the victims of what they believe was a game of 'bluff' played by Britain, had it not been for the trials endured after August 1942. They end up with the plea to cry a halt to all 'appeasement.'

MRS. SARASWATI KRISHNA RAO

**FROM THE FARMER TO THE CONSUMER—A STUDY OF PRICE SPREADS.** By M. C. Munshi. 1945. (New Delhi: Research Department of the Federation of Indian Chambers of Commerce and Industry, Rs. 2.)

Among the many problems affecting rural life in India which await solution, may be mentioned the price received by the farmer for his produce as compared with the price paid by the ultimate consumer of the same produce. It is common knowledge that due to defects in our marketing system as well as to the prevalence of different kinds of exactions from the farmer at the time when he

is in need and is anxious to dispose of his product, the farmer does not always get his due. Before any remedies could be devised to remove such defects and to see that the farmer gets his due, we must ascertain the facts. An examination of such facts is extremely difficult under our conditions because of the absence of reliable data. A special enquiry would cost a disproportionate amount of money. It is encouraging therefore to find that a careful study of this problem has been made by Mr. M. C. Munshi, Director of the Research Department of the Federation of Indian Chamber of Commerce. Mr. Munshi has utilized the material published in the Marketing Reports of the Government of India, and has analysed the same with great care and sound judgment. All important agricultural commodities have been studied, and the results compared with the corresponding situation in other countries. Though it is not possible to summarize this instructive book in a short space, one may say with confidence that this pioneer attempt is a great eye-opener and will help in the formulation of policy on this important question. No one interested in the welfare of Indian agriculture can afford to miss this publication. We must congratulate the Federation of Indian Chambers on making it possible for its research department to undertake such useful work and also to publish it for general information.

C. N. V.

#### ARTICLES ON INDIA IN FOREIGN PERIODICALS

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EDUCATIONAL PROGRESS IN MYSORE. *Great Britain and the East*, July 1945.

AN INDIAN PUBLIC SCHOOL. *By A. E. Foot, Spectator*, 24 August 1945.

##### *Economic*

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An instructive and concise account of the preliminary difficulties in the path of planning and the long-term and short-term problems and financial aspects of Planning.

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**POST-WAR PLANNING IN INDIA.** By Brigadier F. W. Brayne, *Great Britain and the East*, June 1945.

A subtle plea for agricultural development in preference to industrial planning.

**THE WOODHEAD COMMISSION'S REPORT:** The Sorry Tale of Bengal. *Great Britain and the East*, June 1945.

**ARTIFICIAL FERTILIZERS IN INDIA.** *Great Britain and the East*, July 1945.

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A factual account of the efforts at planning in India, the preliminary measures necessary, the long-term problems and the factors that might restrict the pace of development.

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A simple enunciation of the various deficiencies in Indian economy and the Indian suspicions of the British attitude to Indian industrialization.

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Gives a lucid exposition of the Bombay Plan, examines the criticisms levelled against it and pleads for British and especially American encouragement for the scheme.

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**BRITAIN'S OFFER TO INDIA.** *By H. N. Brailsford, The New Republic, 16 July 1945.*

A most sympathetic appreciation of the Wavell Proposals besides being a prophetic forecast of the Caste Hindu-Muslim parity question wrecking the Simla Conference.

**BRITISH YOUTH AND INDIA'S PROBLEMS.** *By Sir Frank Brown, Asiatic Review, July 1945.*

An account—factual and patronizing—of the non-party youth Conference on India held at the Soke (of Peterborough Country Council) on 20 April 1945.

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An insidious attempt to hoist, in advance, the blame for the failure of the Simla Conference on the Congress Party and an attack on Mahatma Gandhi.

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# CHRONICLE OF IMPORTANT EVENTS

## INDIA, BRITAIN

**July 4, 1945** Britain went to the polls to elect her 38th Parliament in the first general elections for ten years.

**July 9, 1945** The British Commonwealth Air Transport Council meeting opened in London. This meeting was a sequel to the Chicago International Aviation Conference. Sir Gurunath Bewoor, Secretary to the Department of Posts and Air, represented India.

**July 14, 1945** Lord Wavell announced the failure of the Leaders' Conference at Simla.

**July 16, 1945** The Commonwealth Tele-communications Conference began in London.

**July 26, 1945** The British Labour Party won the general election, securing 393 seats out of a total of 640; the Conservatives secured only 197. Churchill resigned and Attlee, the Labour Leader, accepted the King's invitation to form a Government.

**July 27, 1945** Premier Attlee announced the composition of the major posts in the new Labour Government: Mr. Ernest Bevin, Foreign Minister; Dr. Hugh Dalton, Chancellor of the Exchequer; Mr. Herbert Morrison, Lord President of Council and Sir Stafford Cripps, President of the Board of Trade.

**August 1, 1945** The U. N. R. R. A. Mission had discussions with the Government of India from 10-29 July on questions connected with supplies from India and the procedure for the procurement of supplies.

It was announced that the Government of India had agreed to supply goods worth Rs. 6½ crores to the U. N. R. R. A.

**August 3, 1945** Mr. Pethick-Lawrence was appointed Secretary of State for India in the place of Mr. Amery.

**August 8, 1945** Mr. Pethick-Lawrence declared at a Press Conference that equal partnership between Britain, India and Burma was the ideal which he had set before himself as the goal to be reached.

**August 9, 1945** India observed the third anniversary of the arrest of her national leaders and celebrated the day as 'Liberty Day'.

**August 15, 1945** The King opened the new Parliament and declared in his speech from the throne that the British Government 'will do their utmost to promote in conjunction with the leaders of Indian opinion, the early realization of full self-government in India'.

**August 16, 1945** Attlee declared in the Commons that the Atom Bomb should be controlled in the interest of all peoples of the world. He added: 'I think we all realize that we will have to make a revaluation of the whole situation, especially in the sphere of international relations'.

**August 21, 1945** Lord Wavell announced that general elections would be held for the Central and Provincial legislatures in India as soon as possible. He was invited by His Majesty's Government to visit London for consultations.

**August 24, 1945** Lord Wavell left for London for constitutional discussions.

**September 8, 1945** The Government of India announced the personnel of its delegation for the forthcoming International Labour Conference on 15 October in Paris: Sir Sammel

Runganadhan, Mr. H. C. Prior, Mr. L. N. Birla and Mr. N. M. Joshi.

**September 16, 1945** Lord Wavell returned to Delhi after a three-week stay in London for constitutional discussions with the British Cabinet.

**September 17, 1945** The National Planning Committee met under the Presidentship of Pandit Jawaharlal Nehru and decided to review afresh the objectives for a planned economy and issue directives to the Sub-Committees about future work in view of the long period that had elapsed since the last meeting of the Committee and the vast changes that had taken place due to war conditions and otherwise.

**September 19, 1945** Lord Wavell announced the new constitutional proposals of the Labour Government which include (1) discussions, immediately after elections, with the representatives of the Legislative Assemblies in the provinces to ascertain whether the Cripps declaration was acceptable or

whether some alternative or modified scheme was preferable; (2) the setting up of a constitution-making body; (3) steps to bring into being an Executive Council at the Centre which would have the support of the main Indian Parties after the elections; and (4) consideration of the contents of a treaty to be concluded between Great Britain and India.

**September 23, 1945** The All India Congress Committee of the Indian National Congress—which met after 37½ months—concluded its three-day session after passing many resolutions on the new constitutional proposals of the Labour Government, forthcoming elections, the question of self-determination, treatment of the Indian National Army and India's Sterling Balances.

**September 28, 1945** The Constitutional Advisory Committee of Indian States' Ministers met and considered the attitude that the States might have to take to any constitutional changes in India in the light of the statements made by Attlee and Wavell.

## SOUTH-EAST ASIA AND AUSTRALIA

**July 9, 1945** The Ceylon Board of Ministers decided to depute Mr. D. S. Senanayake to England for constitutional discussions on Ceylon reforms with the Secretary of State for the Colonies.

**July 13, 1945** The New Australian Cabinet of Mr. Joseph Chifley was sworn in by the Duke of Gloucester, Governor-General.

**July 17, 1945** It was announced by the Speaker of the Ceylon State Council that the Secretary of State for the Colonies had expressed his inability to advise that royal assent should be given to the 'Free Lanka' Bill passed by the State Council.

**July 17, 1945** The Australian Trade

Commissioner in India announced that the Australian Government would shortly establish Trade Commissioner's offices in Bombay, Calcutta and Colombo.

**July 27, 1945** It was announced that seven committees consisting of British, Indian and Chinese members would visit Burma to survey industrial property there such as timber, oil, mining etc. The visit would be under the auspices of the Civil Affairs Section, Burma, of the South-East Asia Command and the Committees would submit their reports to the Custodian of property of that Section.

**July 31, 1945** The Australian House of Representatives passed a bill

nationalizing the Australian inter-State air lines.

**August 11, 1945** Admiral G. Thierry D' Arpenien, formerly Commander-in-chief of the Free French naval forces in Britain, was appointed Governor-General, French Indo-China.

**August 19, 1945** The U. S. Secretary of State announced that U.S. had accepted Siam's repudiation of its declaration of war against the United States made early in 1942 when the Siamese Government was completely controlled by the Japanese.

**August 19, 1945** The Japanese News agency stated that Bao Dai, the Emperor of the French protectorate of Annam in Indo-China, had expressed his willingness to abdicate and transfer the administration to the 'Independence League', the revolutionary party which demanded his abdication. The Emperor commanded its leader to form a new Cabinet.

**September 4, 1945** Lieutenant-General Sir Bernard Freyberg, Allied Commander-in-Chief in Crete in 1941, was appointed Governor-General of New Zealand in succession to Sir Cyril Newall. This was the first time the post was filled by a man with close New Zealand associations.

**September 7, 1945** The Dutch Prime Minister, William Schermerhorn, announced that he was working on plans to give self-government to Holland's overseas territories, with representation in an imperial council which would administer the empire policy and foreign affairs.

**September 8, 1945** Admiral Lord Louis Mountbatten established military administration in Singapore.

**September 12, 1945** The Chinese

Minister of Information announced that China had no intention of establishing a military Government in the northern part of French Indo-China.

**September, 15, 1945** Brigadier MacDougal, Chief Civil Affairs Officer, was invested with the widest authority to rule Hong Kong pending the restoration of the Civil Government 'which is being deferred until adequate and suitable personnel can be provided and general conditions in the colony permit such restoration'. His authority would include wide powers of detention and requisition of property or services and complete powers of censorship.

**September 18, 1945** President Truman declared that the United States, Britain, the Soviet Union and China were all agreed that Korea should become free and independent.

**September 21, 1945** It was announced from the Colonial Office that the discussions on the question of reform of the Ceylon Constitution between the Leader of the Ceylon State Council and the Secretary of State for the Colonies had been concluded. H. M.'s Government had decided to publish the Soulbury Commission Report.

**September 23, 1945** The French Maquis made a successful *coup* arresting members of the recently established independent Annamite Government and seizing government power in Indo-China.

**September 25, 1945** There were large-scale dock-yard strikes in Australia in sympathy with the Indonesian Nationalist movement in Java under the leadership of Dr. I. R. Soekarno which set up Indonesian Republican Government.

## THE FAR EAST

**July 4, 1945** The Chinese Communist Party announced that they would not participate in the session of the Peoples Political Council on 7 July.

**July 7, 1945** Dr. Soong, the Chinese Prime Minister, met Marshal Stalin for Russo-Chinese negotiations.

**July 14, 1945** It was announced that the Soviet-Chinese negotiations in Moscow were adjourned without a formal agreement having been reached.

**July 22, 1945** The Chinese Premier told the Peoples Political Council that China and Russia had concluded an economic reciprocal treaty and that work was under way on a rail-road to connect Moscow with Chungking.

**August 8, 1945** Russia declared war against Japan in response to Allied invitation and with a view to save Japan from utter destruction and as the only means for bringing peace nearer.

**August 9, 1945** Russian troops of the Far East Command attacked on a 1,000-mile front along the Soviet-Manchurian border. They also invaded Korea and the Southern part of Sakhalin.

**August 10, 1945** Japan offered to accept the Potsdam ultimatum with the understanding that it would not comprise any demand which might prejudice the prerogatives of the Japanese Emperor as sovereign ruler.

**August 14, 1945** Russia and China signed a treaty of friendship and alliance which provides for collaboration between the two countries to prevent a repetition of the Japanese aggression; military and other assistance exclusively to the Chungking Government; respect for China's full sovereignty in the eastern provinces; joint ownership and operation of the Chinese-Changchuan Railway for 30 years; withdrawal of Russian

forces from Manchuria within three months after Japanese capitulation; declaration of Dairen as a free Port and of Port Arthur as a joint naval base for 30 years.

**August 16, 1945** Prince Naruhiko Higashi Kuni formed a new Japanese Cabinet as instructed by the Emperor.

**August 23, 1945** Gen. MacArthur announced that his Command would discontinue 'further participation' in the civil administration of the Philippines on 1 September and the whole administration would be transferred to civil authority.

Replying to Churchill, Attlee declared that arrangements had been made for the Japanese surrender in Hongkong to be accepted by a British force commander and that plans for re-establishing British administration in the colony had been fully prepared.

**August 28, 1945** Mao Tse-Tung, the Chinese Communist leader, arrived in Chungking for discussions with Chiang Kai-shek.

The first American occupation troops landed in Japan.

**August 29, 1945** The Japanese News Agency reported that general elections would be held in Japan before the end of the year.

**September 2, 1945** The Japanese surrender was solemnly signed aboard the United States battleship 'Missouri' at Tokyo. The Japanese Foreign Minister signed on behalf of Emperor Hirohito and the Japanese Government and General Umezu for the Japanese Imperial General Headquarters. Gen. MacArthur and the Representatives of China, Britain, the U.S.S.R., Australia, Canada, France, the Netherlands and New Zealand signed for the Allies.

**September 3, 1945** It was announced that a temporary agreement had been reached between Generissimo Chiang and the Chinese

## CHRONICLE OF IMPORTANT EVENTS

**Communist Leader, Mao Tse-Tung** on the basis of (1) formation of a Coalition Government and (2) postponement of the convening of a National Assembly for one year.

**September 4, 1945** Emperor Hirohito addressed the House of Peers in an extraordinary session of the Diet and inaugurated

the legislation to put Japan back on a peace-time basis. He declared that Japan's future policy was aimed at establishing a peaceful State.

**September 25, 1945** Emperor Hirohito stated that he was personally in favour of establishing a constitutional monarchy in Japan on the same lines as in Britain.

### THE NEAR EAST AND MIDDLE EAST

**July 22, 1945** French troops began evacuating barracks all over Syria, while Syrian forces moved in their place.

**July 23, 1945** The Persian Government announced its recognition of the Polish Government of National Unity and its desire for the establishment of diplomatic relations between the two countries.

**August 3, 1945** The World Zionist Conference opened in London. It pleaded for the revocation of the White Paper on Palestine and affirmed that the Jews would not accept a partitioned Palestine.

**August 6, 1945** The Egyptian Prime Minister Nokrashy Pasha asked the Egyptian Senate for authority to negotiate with the British Government for revision of the Anglo-Egyptian Treaty of Alliance of 1936.

**August 9, 1945** The Iranian Foreign Ministry announced that the immediate withdrawal of British and Russian forces from Tehran was decided on at Potsdam.

**August 22, 1945** The Lebanon Government fell and Riad El Solh, who, as premier in 1943, proposed a constitutional amendment excluding all foreigners like the French from important posts, was asked to form a new Cabinet.

**August 23, 1945** The Syrian Government of M. Fares El Khoury fell.

**August 27, 1945** A new Syrian

Cabinet, the third in 11 months, was formed. All the Ministers were representatives of the parliamentary bloc of Nationalists and Independents.

**September 7, 1945** The Persian Foreign Minister stated in Parliament that he had instructed the country's ambassadors in Moscow and London to take up immediately questions relating to movement of troops in Persia, particularly the necessity to take permission of the British and Russian Governments before ordering their movements.

**September 24, 1945** The Egyptian Cabinet called for the withdrawal of British troops from Egypt and for political unity of the Nile valley through an incorporation of the Anglo-Egyptian Sudan into Egypt.

It was announced in London that an Anglo-U. S. Oil Agreement was signed. The Agreement provided for the holding of an international Oil Conference which was to set up an International Oil Commission. This Agreement succeeds the abortive oil pact signed in Washington on 8 August 1944 but rejected by the U. S. Senate.

**September 27, 1945** The Persian Ministry of Finance announced that Dr. Ali Amini would leave for India soon to investigate the possibility for the improvement of commercial relations between India and Persia.

## THE DOMINIONS AND COLONIES

- July 3, 1945** The Bahamas House of Assembly unanimously rejected the proposal that the British Caribbean colonies should federate, and expressed the hope that the colony would receive a 'more responsible form of government'.
- July 4, 1945** John Curtin, Australian Prime Minister, died.
- July 5, 1945** Mr. J. W. Robertson, the Sudan Civil Secretary, declared that the Sudan Government aimed at gradual progress towards local self-government on democratic lines within the terms of the condominium agreement and of the Anglo-Egyptian Treaty of 1936 and denied the rumours that Sudan intended to set up a monarchy and that it intended to separate itself.
- July 9, 1945** It was announced that a petition asking for a new constitution with an all-elected legislature of 30 members and a predominantly elected Executive Council was sent to Sir Bede Clifford, Governor of Trinidad, for transmission to the Colonial Office.
- July 11, 1945** De Valera announced in the Dail that Eire was a Republic. (The Eire Constitution which came into force in December 1937 declares that Eire is a sovereign, independent, democratic State, with the right to choose its own form of government and determine its relations with other nations.)
- July 18, 1945** The Jamaican House of Representatives passed a resolution expressing sympathy with the people of Nigeria for their industrial troubles and its thorough disapproval of the action of the Governor, Sir Arthur Richards, in dealing with the issue.
- July 25, 1945** The Kenya Government's proposals to reorganize the administrative machinery by placing nonofficial Europeans in charge of certain departments were adopted in principle in the Kenya Legislative Council. Indians bitterly opposed them as constituting a major constitutional change prejudicial to their interests.
- August 1, 1945** The King appointed Field-Marshal Sir Harold Alexander to succeed Lord Athlone as Governor-General of Canada.
- August 9, 1945** Smuts announced his intention of calling a Conference of Indian leaders in South Africa to overcome what he described as 'small difficulties'.
- August 16, 1945** The Native Representative Council representing South Africa's entire native population of 8,000,000 decided to invite Smuts to disclose South African Government's post-war Native policy.
- September 8, 1945** A Royal Order-in-Council announced an amended constitution for Trinidad with universal adult franchise and lower qualifications for the Legislature.

## AMERICA

- July 3, 1945** The U.S. House Immigration and Naturalization Committee reported favourably on the Indian Immigration Bill.
- July 7, 1945** Brigadier-General Edelmiro F. Farrell, Argentine President, announced that absolutely free and unfettered elections would be held in about November.
- The United States Senate Committee on Banking and Currency reported the Bretton Woods proposals to the floor of the Senate with a recommendation for favourable action.
- July 28, 1945** The U.S. Senate by 89 votes to 2 ratified the San Francisco Charter.

## CHRONICLE OF IMPORTANT EVENTS

**August 21, 1945** White House announced the discontinuance of Lend-Lease aid. All outstanding contracts for Lend-Lease were to be cancelled except where the Allied Governments were willing to agree to take them over or where it was in the interests of the United States to complete them.

**August 29, 1945** The Mexican Government recognized the newly formed Spanish Republican Government in exile.

**August 30, 1945** Truman declared that Lend-Lease cannot be treated as debt and that an attempt to force a cash or equivalent settlement of the United Nations 42,000,000,000 dollars Lend-Lease debt to the United States would cause economic chaos leading to a third world war.

**September 5, 1945** The U.S. Under-Secretary for the Navy disclosed

that the Navy would recommend to Congress that Kodiak, Adak, Hawaii, Balboa, the Guam-Tinian-Saipan group, the Bonins and the volcano group, the Ryukus, the Manus and the Philippines be retained by U.S. as major Pacific bases.

**September 6, 1945** In a message to Congress, Truman recommended interim Lend-Lease to the Allies and asked for speedy action on the recommendations that might be made after the Anglo-American talks.

**September 28, 1945** Bolivia broke off diplomatic relations with Franco's Spain 'with the object of keeping up the fight against any totalitarian State which may still remain in the world'.

**September 29, 1945** White House announced that Truman had requested the British Government to admit 100,000 displaced Jews from Germany into Palestine.

### EUROPE

**July 5, 1945** It was officially announced that the British Government had recognized the new Polish Government of National unity.

**July 7, 1945** General de Gaulle's proposals for constitutional reform were laid before the French Cabinet. They provide for a referendum in October 1945 on two issues, firstly, will the Assembly elected by universal suffrage be a Constituent Assembly? secondly, if it is, will the electors approve of the non-possession of the legislative initiative by the Constituent Assembly, election of the Chief of the Provisional Government by such Assembly and appointment by him of the Ministers who will be responsible to him during the period of constitution-drafting? If the vote at the referendum should be negative, the elected Assembly will become

the Chamber of Deputies as per 1875 constitution and a Senate will be elected within two months both of which will form a National Assembly to study the modifications to be brought in the 1875 constitution.

**July 10, 1945** The Slav Congress at Bratislava concluded. It was felt that regional pacts of mutual assistance and friendship between all Slav nations would be the outcome of the Congress.

**July 17, 1945** General Franco proclaimed that Spain was entering a period of preparation for monarchy 'wherein the essentials of our Government would be guaranteed' and that monarchy would be his only possible successor.

**July 18, 1945** The Belgian Senate adopted a Bill under which King Leopold might resume his constitutional position in Belgium only with the consent of both the Houses of Parliament.

**July 19, 1945** The Commission for State Reform of the French National Consultative Assembly unanimously rejected General de Gaulle's referendum plan and referred the plan back to the Government for reconsideration.

**July 23, 1945** The trial of Marshal Petain began.

**July 28, 1945** The Greek Premier, Admiral Voulgaris, handed over the resignation of his Government to the Regent.

**July 29, 1945** General de Gaulle's Government was defeated by 210 votes to 19 in the Consultative Assembly on his proposals for framing France's new constitution through a referendum plan.

**July 31, 1945** King Gustav announced a new Socialist Government for Sweden with M. Per Albin Haussion as Prime Minister. This announcement was made immediately after the dissolution of the Coalition Government formed five and a half years ago.

**August 3, 1945** The Foreign Affairs Commission of the French Consultative Assembly passed a resolution asking the French Government to break off diplomatic relations with the Franco Government and to approach the British, Soviet, and U. S. Governments with a view to supporting a Republican Spanish Government.

**August 12, 1945** The Legislative Committee of the Yugoslav Parliament accepted the Government's draft for agrarian reform law based on the principle: 'he who tills the land should own it'.

The French Socialist Congress passed a motion for submission to the Congress Steering Committee urging that the French Socialist Ministers should quit General de Gaulle's Government unless its election scheme was modified.

**August 17, 1945** It was announced that Russia and Poland had

concluded a frontier delimitation agreement which conceded to the latter two districts east of the Curzon Line and 15 per cent of all the reparation deliveries due to Russia from Germany. Russia was to retain Lwow and Vilna.

**August 20, 1945** Russia declined the invitation to be represented on the Inter-Allied Commission which was to 'observe' the forthcoming elections and the plebiscite on monarchy in Greece.

**August 22, 1945** It was announced that the Four-Power Conference of experts on the Tangier question had reached agreement on (1) the re-establishment of the international status and (2) the calling within six months of an international conference of signatories of the Act of Algeciras.

**August 25, 1945** The Bulgarian Government postponed the elections from 26 August to a later date in order to avoid the anxiety regarding their free nature expressed in the notes of Britain and the United States.

**August 27, 1945** It was announced that the Spanish Republican Government in exile was formed in Mexico City under Premier Giral who headed the Spanish Cabinet at the outbreak of the civil war in 1936.

**August 31, 1945** The Four Power Tangier Conference meeting in Paris from 10 August concluded after arriving at an agreement on several issues: the Spanish Government must evacuate the Tangier Zone; sovereign rights of the Sultan over the zone will be re-established; international administration will be put back to the basis of the 1923 convention as modified in 1938 and an international conference of the Powers signatory to the Act of Algeciras will eventually be called to study the modifications to the Tangier Statute.

**September 19, 1945** The Council

of Foreign Ministers announced that it had recommended the revision of the Italo-Yugoslav frontier to make Trieste an International Port.

**September 21, 1945** Britain, France and the United States issued a joint statement recommending

that the Greek Government should hold general elections before a plebiscite on the constitutional issue of monarchy was held.

**September 26, 1945** It was announced that the Soviet Union had resumed diplomatic relations with Hungary.

### INTERNATIONAL EVENTS

**July 16, 1945** The Potsdam Conference of the Big Three began.

**July 26, 1945** An ultimatum to Japan, telling exactly what unconditional surrender meant for her, was issued from Potsdam signed jointly by Churchill, Truman and Chiang Kai-shek. Tokyo rejected the offer.

**August 2, 1945** A communique issued by the Big Three on the conclusion of the Potsdam Conference set out agreed plans for decentralization of German economy and concentration of her production on agriculture and peaceful domestic industries, complete destruction of the Nazi creed, payment of reparations in kind by Germany and formation of a Council of Foreign Ministers of Britain, Russia, China, France and the U.S.A. with a permanent Secretariat to prepare peace treaties.

**August 4, 1945** The Four-Power War Crimes Conference reached agreement upon a historic document indicating aggressive war as an international crime while top-ranking Nazis sought to fasten the responsibility for their deeds on Hitler alone.

**August 5, 1945** For the first time in history, the 'Atom' Bomb was dropped on Honshu. President Truman disclosed its existence

in a statement adding that it has more than 2,000 times the blast power of the British 22,000-pounder.

**August 14, 1945** Clement Attlee announced from London that Japan had surrendered, the Japanese Emperor having ensured the signature of his Government and the Imperial General Headquarters to the terms and provisions of the Potsdam Declaration.

**September 11, 1945** The first meeting of the Council of Foreign Ministers set up at Potsdam opened in London to consider several problems, the foremost of which was the drafting of the Peace treaties, first with Italy and later with Finland, Hungary, Rumania and Bulgaria.

**September 25, 1945** The Conference of the World Trade Union Congress began in Paris with representatives from 59 countries attending it.

**September 30, 1945** It was disclosed that U.S.A. had agreed to the British suggestion that India should be invited to become a member of the Far Eastern Commission that would formulate policies for carrying out Japanese surrender terms. The suggestion was being submitted to Russia and China for their approval.

